CHAPTER III

THE JAMMU & KASHMIR STATE COOPERATIVE BANK LTD IN SERVICE OF AGRICULTURE.
The Jammu and Kashmir State Cooperative Bank has priority of position in the hierarchy of Cooperative banks, being the Apex cooperative financing institution in the State. Thus an attempt is made to give a detailed description of constitution, working and financial position of the bank.

In accordance with the spirit of Rural Credit Survey recommendations the J&K Cooperative Bank, was created in 1954 by upgrading the then Srinagar Central Cooperative Bank. The Bank was originally organised in 1914 as the Srinagar Central Cooperative Bank and its area of operation till 1954 was limited only to Srinagar district. Prior to its upgrading the bank did not show any remarkable progress like other Central Cooperative Banks which have been amalgamated in Jammu Central Cooperative Bank.

As a result of the Great Depression overdues had mounted to unmanagable proportions. The post-war effects combined with the results of Tribal Aggression

2. Ibid.
on Jammu and Kashmir necessitated, among other things, to take the following administrative action to rehabilitate the cooperative Movement in the State:

1. Scaling-down of debts outstanding against members of cooperative Societies to the extent of their repaying capacity;

II. To create machinery for providing sufficient and timely Agricultural Finance to replace the weak Credit Society as well as the moneylender.

III. To encourage repayment in kind rather than in cash.

The State Government also compensated the concerned Central Cooperative Banks to the extent of Rs. 15.56 lakhs written off against peasants who had no repaying capacity.  

In order to mobilize financial resources of the cooperatives and to create a balancing centre for Central Cooperative Banks and other Cooperative Institutions and also to establish... a liaison between

the Reserve Bank of India and the Cooperatives in the State. Organisation of an Apex nature was much overdue. The Maclagam Committee report had earlier recommended the setting up of an Apex Cooperative Bank in each State. Emphasising the need to do so it said,

"In our opinion it is necessary to provide in each of the major provinces an Apex Bank which will coordinate and control the working of Central Banks, forecast and arrange for the provincial requirements as a whole and be the financial cooperative centre for the province".4

Accordingly in 1954 the then Srinagar Central Cooperative Bank was reorganised and styled as the Jammu and Kashmir State Cooperative Bank Ltd. Its main function is to coordinate and guide the working of the Central Cooperative Banks and arrange financial accommodation to them. For providing sufficient funds to the Movement it has the power to borrow from R.B.I. under section 17 and is also authorised to raise funds and accept deposits from the market. The main objects setout in the Bye-laws of the Apex Cooperative Bank

deserve a special mention and hence are reproduced here under:

1. "to serve as the State Apex Bank for the State of Jammu and Kashmir;"
2. to create funds for financing cooperative societies registered under the cooperative societies Act.
3. to develop, assist and coordinate the working of the member societies and facilitate their operations;
4. to carry on general business of banking not repugnant to the provision of the act and the rules;
5. to serve as a balancing centre for cooperative societies of the J&K State registered under the cooperative societies Act;
6. to open branches and agencies in any part of the State;
7. to grant loans to cooperative societies;
8. to buy and sell for legitimate investment its surplus funds and act as agent for buyers and sellers of securities specified in clause a, b, c, d of section 20 of the Indian Trust Act;
9. to acquire or undertake as agent the whole or any part of the banking business of a cooperative society registered under the Act, and to manage the affairs of a society the committee of which is suspended under the Cooperative Societies Act and the Rules;
10. to receive money on Current, Saving and Fixed and other accounts and to raise or borrow from time to time such sums of money as may be required for purposes of the bank to the extent and upon such conditions as the Committee shall think fit;
11. to receive for safe custody securities and ornaments;

12. to act as agent for the Government of J & K, Public bodies or for any Banker or Bank in the State;

13. to subscribe to the share capital of Central Cooperative Banks and other Cooperative Institutions if any, when necessary;

14. to raise money by receiving deposits either from members or persons who are not members to such an extent and upon such conditions as Managing Committee think fit. The Bank may also raise money by issue of Debentures, Bonds or Promisory Notes or by opening current accounts or by Mortgaging land, building or other property of the Bank or by such other means as Managing Committee deem proper.

15. to establish and support or aid in the establishment and support of funds calculated to benefit employees or ex-employees of the Bank or the dependents or connections of such persons;

16. to promote the economic interests of the members of the Bank in accordance with the cooperative principles, and

17. generally to do such things as may be conducive to the attainment of the above objectives.

From the analysis of these objectives it would be seen that the Bank has worked as a balancing

centre for cooperative societies. Further the bank was expected to guide, assist and persuade the societies to follow healthy cooperative practices, but the bank has failed to make appreciable dent in this regard during the 26 years of its existence.

a. Membership

Membership of the bank is open to every Cooperative Society and Central Cooperative banks as also to individuals. Any person who is over the age of 18 years, competent to contract can acquire membership of the bank. The position of membership for the last few years is depicted by the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Societies</th>
<th>Individuals</th>
<th>C.C. Banks</th>
<th>State Govt.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>635</td>
<td>101</td>
<td>3</td>
<td>1</td>
<td>740</td>
</tr>
<tr>
<td>1977-78</td>
<td>635</td>
<td>107</td>
<td>3</td>
<td>1</td>
<td>746</td>
</tr>
<tr>
<td>1978-79</td>
<td>640</td>
<td>107</td>
<td>3</td>
<td>1</td>
<td>751</td>
</tr>
<tr>
<td>1979-80</td>
<td>643</td>
<td>107</td>
<td>3</td>
<td>1</td>
<td>754</td>
</tr>
</tbody>
</table>

Source: By courtesy of J & K State Cooperative Bank, Srinagar.
From the table it is clear that even the individuals continue to exist as member of the Apex Bank. This seems counter to the Directives of Reserve Bank of India. Despite the repeated instructions to revise the membership policy the bank has done nothing tangible so far in this behalf. Failure on the part of the bank to honour the instruction of R.B.I. regarding membership policy is due to the fact that major portion of the shares are held by the individual members. This plea, however, should in no case justify the individual membership. The bank should fall in line with other sister banks operating within the neighbouring States of Punjab and Haryana where individuals have no place in the membership of Apex Banks.

Further it is evident that the shares paid by individuals stagnate at Rs. 45,660 which does not justify the present allocation of three seats to this section on the Board of Directors. There is also slow increase in membership but no effort is made to locate the physical existence of number of individual members, majority of whom belong to pre-Apex age of the bank. It would be reasonable only if individuals could find
place in Primary Societies.

b. **Share Capital**

The authorised share capital of the bank, after its upgrading, was enhanced from rupees two lakhs to rupees twenty five lakhs divided into 50,000 shares of rupees fifty each. It has further been raised to rupees sixty lakhs comprising of one lakh twenty thousand shares of the value of Rs. 50/- each. Shares allotted to persons, other than societies and to Government shall not exceed one hundred and Managing Committee alone is empowered to make any relaxation in special cases.

The paid up share capital of the bank was Rs. 1.14 lakh in 1954 and on June 30th, 1980 it has increased to the tune of Rs. 43.66 lakhs of which Rs. 20 lakhs are contributed by the State Government.

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7. Office records of the J & K State Cooperative Banks, Srinagar.
The year-wise break up of share capital is as under:

**TABLE 2**

**YEARWISE BREAK UP OF SHARE CAPITAL**

(Re. in lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Govt.</th>
<th>Societies</th>
<th>Individuals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76</td>
<td>17.00</td>
<td>19.24</td>
<td>0.45</td>
<td>36.59</td>
</tr>
<tr>
<td>1976-77</td>
<td>20.00</td>
<td>19.93</td>
<td>0.45</td>
<td>40.38</td>
</tr>
<tr>
<td>1977-78</td>
<td>20.00</td>
<td>20.00</td>
<td>0.05</td>
<td>40.45</td>
</tr>
<tr>
<td>1978-79</td>
<td>20.00</td>
<td>20.16</td>
<td>0.45</td>
<td>40.61</td>
</tr>
<tr>
<td>1979-80</td>
<td>20.00</td>
<td>23.10</td>
<td>0.45</td>
<td>43.56</td>
</tr>
</tbody>
</table>

Source: By courtesy of J & K State Cooperative Bank Ltd. Srinagar.

The above table shows that government and individuals share capital is constant while there is some increase in the paid up share capital of societies from Re. 19.24 in June 1976 to Re. 23.10 lakhs in June 1980. Government Share Capital has increased from Re. 17.00 lakhs to Re. 20.00 lakhs from 1976-77.
but from 1976-77 it has remained constant. Government contribution does not appear to be on the matching basis.

c. Management:

The General Body is the supreme authority for managing the affairs of the bank while its day to day working is entrusted to the Board of Directors. The Chief Executive is the Secretary who is assisted by a General Manager to discharge day to day business of the bank.

Powers and functions of the General Body:

The General Body of the Bank shall under rules meet once in a year at the instance of Managing Committee or Chairman to:

a. Elect Secretary for recording the minutes of the General Body meeting;

b. Consider and adopt Annual Audit Report, the Inspection Report of the department or of the R. S. I.

c. Amend or repeal the existing byelaws or enactment of new byelaws according to the rules.
d. elect members to the Managing Committee when such election becomes due and delegate such powers to the Managing Committee as they deem proper;

d. remove any member from the Managing Committee;

f. distribute profits according to the provisions of byelaws;

g. affiliate the bank to any other registered cooperative society under the byelaws and

h. to exercise powers reserved by the General Body for itself.:

Managing Committee or its Chairman may also call special general meetings of the bank whenever, need arises. All meetings whether ordinary or special are presided over by a Chairman and in his absence by Vice-Chairman and in the absence of both, members present elect one out of themselves to preside over the meeting.

The present strength of the General Body is 754. The quorum for General Body meeting is one third of the total number or 40 (forty) whichever is less. The period of notice prescribed for calling


a General Body meeting is 15 clear days. If on the day fixed for meeting the prescribed quorum is not present, the meeting is adjourned and the time and date of the next meeting is decided by the members present. At the resumed meeting members present, there-at are empowered to conduct the meeting irrespective of the fact whether the quorum is present or not. It is worth mentioning that since 31st Dec., 1974, the bank has received seven Annual Audit Reports regularly but General Body has never thought it necessary to consider the same and clear the audit objections.

Board of Directors

For the management of the affairs of the bank, the General Body elects the Managing Committee/Board of Directors which is the governing body of the bank. As per Byelaw 9(1) the strength of the Managing Committee shall not exceed 24 members including nominee of the Government. The present strength of the board

11. Ibid. §(12), P. 14  
is 21 representing various interests as under:

1. Representatives of Central Cooperative Banks 3
2. Representatives of Cooperative Societies 12
3. Representatives of Individuals 3
4. Government Nominee 3
Total 21

The bank intends to reduce its number by another amendment from 21 to 15. But R. B. I. in its latest Inspection Report of 6th October, 1960 has suggested the bank to "keep in view the desirability of ensuring that proper representation is given to all central Cooperative banks and different types of societies affiliated to it and different regions to cover the entire State."

The term of office of all the members of the Managing Committee is three years from the date of election. The election is held on or before the

expiry of the term and if for any reason the bank fails to arrange election, the Registrar Cooperatives has authority to extend such term until such time within which the election should in his opinion be held.15

The present Managing Committee has been elected in 1979 after a lapse of eight years.17 Till 1979 it was holding office illegally which is against the spirit of the Byelaws, the Cooperative Societies Act and the Democratic character of the Cooperative Movement.

An individual member is eligible for appointment as a member of the Managing Committee only if he holds 20 shares or invests in fixed deposits an amount of rupees one thousand. Such number of shares or amount of deposit is changed by the Registrar Cooperative Societies from time to time in consultation with the Managing Committee. Eligibility of such member should be in accordance with the Cooperative Rules.

The powers and duties of the Managing Committee, among other things are:

a. "to observe in all transactions the provisions and requirements of the

Act, the Rules and the bye-laws;
b. to admit members under Byelaw 4(C);

c. to maintain the true account of all money received and expended and all stocks brought and sold;
d. to maintain the true account of the assets and liabilities of the Bank;
e. to facilitate the inspection of the books of the Bank by those authorised to inspect them;
f. to obtain loans and deposits subject to the condition laid down in bye law 7(6);
g. through the Secretary or the Manager of the bank to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the bank or its committee or officers or employee concerning the affairs of the bank;
h. to sanction the expenditure budget of the bank and sanction all expenditure including contribution for expenses on Cooperative Conference;
i. to summon General Meetings of the Bank;
j. to prepare and submit to the General meeting the Annual Report, Balance Sheet and Profit and Loss Account;
k. to determine amount and value of security to be obtained from the officers and agents of the bank;
l. to appoint, dismiss, suspend or otherwise punish employees of the bank;
m. to make rules of business from time to time not inconsistent with the Act and the Rules and bye-laws for the conduct of
business of the bank. Such rules of business shall come in force after they are approved by the Registrar;

n. to perform all duties and exercise all powers not reserved by the General Body for itself; 18

The members of Managing Committee elect from among themselves a Chairman, a Vice-Chairman, Secretary and a Treasurer. The Chairman and in his absence the Vice-Chairman presides over the meetings of the Committee and in the absence of both, members of the Committee present elect a Chairman for the meeting from among themselves. The quorum for meeting is one third or five whichever is less. All questions are decided by a majority of vote – each member having one vote. In case of a tie it is the Chairman who casts an additional deciding vote. Whereas the meetings of Managing Committee required to be held once in a quarter under Byelaw 9(10) yet the same are conducted at the convenience of the authorities.

Executive Committee :-

The Bank has also an Executive Committee. It facilitates the smooth functioning of the bank. The Managing Committee is competent to elect from among

themselves an Executive Committee consisting of not less than three members, including Vice-Chairman and Secretary of the Managing Committee. Vice-Chairman of the Managing Committee acts as a Chairman of the Executive Committee. Managing Committee delegates to this Committee any powers exercised by them in accordance with the byelaws and withdraw all or any powers at any time. The Executive Committee functions as long as Managing Committee wishes it, which has the power to remove whole or any member of the Committee except the Chairman and Secretary. The Executive Committee meeting is to be held once in a month. Meeting can also be held within a week after receiving requisition in writing signed by atleast two of the requisitionist Executive Committee member or the Registrar or any officer of the Cooperative Department authorised by the Registrar in this behalf circulating the agenda for the meeting. The present Executive Committee comprises of 5 members.19 The quorum for meeting is half of the total or at least 3 members and all questions are decided by majority vote.

For sanctioning various types of loans to affiliated societies as well as to the Central Cooperative Banks, the bank has its "Loan Committee" comprising of Chairman, Vice-Chairman, Secretary and the General Manager. All loan applications are submitted to this Committee before final sanction. The Secretary disposes of all such cases if the loan applied for does not exceed Rupees ten thousand.20

Staff Development:

Modern era is an age of expertise and technocrats. Big business in any form cannot divest itself of its responsibility to the taxpayer, and a good management always takes care to see that the institution is manned by professionally trained men. The Cooperative management in cooperatively backward States have as rule-made appointments even in Apex Institutions, on considerations of party affiliation. This bank is no exception. An important duty of the Management is to get its staff trained in Cooperation and in general banking in a phased manner. It appears that the staff development policy has been

20. Personal discussion with General Manager of J & K State Cooperative Bank, Srinagar.
abandoned or neglected as is reflected by the fact that out all its staff members at the head office and at the branches, only six persons have received preliminary cooperative training and three have received banking training. A banking institution employing untrained personnel, on political considerations is doomed for stagnation and decay if immediate arrangements are not made for thorough training for the job assigned to them and more so, they require to be chiselled to behaviourly attitudes to suit the public institution like the one under discussion.

**Supervision**

The cooperative department has since transferred supervisory control to the banks over the societies directly financed by them in satisfaction of their long overdue demand. The bank has not been able to get supervision over societies in Leh and Ladhak Districts transferred for want of adequate staff. For Srinagar and Badgam Districts the supervision rests with the bank. For the supervision and inspection of the branches the bank has two Assistant Registrars as

21. Ibid.
Executive Officers on their pay role as deputationists from Cooperative Department and a number of supervisors.

d. Business Operations:

i. Loans and advances:

The past practice of the bank was to advance loans only for Agricultural purposes. This was in keeping with the bank's overall objectives. However, there has been a shift in this policy. The bank has brought many other fields within its purview of lending schemes. This has resulted in the removal of stagnation to a reasonable extent, and in diversification of its financing activities. But the point for consideration is whether the saturation point has been reached in the field of agricultural finance. The loaning operation of the bank as an Apex bank and also as a Central Cooperative bank for Srinagar, Badgam, Leh and Kargil districts are depicted by table 3.

The table shows that while advances and the recoveries have maintained an upward trend i.e. advances have increased from Rs. 749.03 lakhs in 1976 to 1977 to Rs. 949.37 in 1980, recoveries have also
increased from Rs. 753.95 lakhs to Rs. 930.14 lakhs during 1976-77 to 1979-80, overdues should have shown a static or declining trend. Instead, they have gone up to Rs. 94.35 lakhs in 1979-80 against Rs. 77.37 lakhs in 1976-77. Major portion of loans

### Table 3

#### ADVANCED, RECOVERIES OUTSTANDING AND OVERDUE POSITION OF THE BANK

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans Advanced</th>
<th>Recovery</th>
<th>Out-advanced Standing</th>
<th>Overdue %age of Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>749.03</td>
<td>753.95</td>
<td>382.18</td>
<td>77.37</td>
</tr>
<tr>
<td>1977-78</td>
<td>699.76</td>
<td>875.83</td>
<td>406.11</td>
<td>87.80</td>
</tr>
<tr>
<td>1978-79</td>
<td>929.70</td>
<td>941.96</td>
<td>393.85</td>
<td>91.05</td>
</tr>
<tr>
<td>1979-80</td>
<td>949.37</td>
<td>930.14</td>
<td>413.08</td>
<td>94.35</td>
</tr>
</tbody>
</table>

Source: By courtesy of J & K State Cooperative Bank Srinagar.

advances have gone to affiliated societies as Central Cooperative Bank. The position of bank in respect of advances, recovery, outstanding and overdues as
Central Cooperative bank is evident from the following table.

**TABLE 4**

ADVANCED, RECOVERIES, OUTSTANDING AND OVERDUE POSITION OF THE BANK AS CENTRAL BANK

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans advanced</th>
<th>Recovery</th>
<th>Outstanding</th>
<th>Overdue</th>
<th>%age of overdue to demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>385.26</td>
<td>379.10</td>
<td>48.54</td>
<td>9.61</td>
<td>-</td>
</tr>
<tr>
<td>1977-78</td>
<td>457.36</td>
<td>419.55</td>
<td>93.76</td>
<td>28.66</td>
<td>18.47</td>
</tr>
<tr>
<td>1978-79</td>
<td>448.88</td>
<td>441.93</td>
<td>109.82</td>
<td>27.27</td>
<td>19.59</td>
</tr>
<tr>
<td>1979-80</td>
<td>614.58</td>
<td>639.02</td>
<td>148.79</td>
<td>31.11</td>
<td>18.64</td>
</tr>
</tbody>
</table>

Source: By Courtesy, J&K State Cooperative Bank Ltd. Srinagar.

The above table shows that advances have increased from Rs. 385.26 to Rs. 614.58 lakhs from June 1977 to June, 1980. Though the recoveries have increased from Rs. 379.10 lakhs to Rs. 639.02 lakhs from 1977 to 1980 they are accompanied by heavy outstandings and overdues. Overdues have touched the
figure of Rs. 31.11 lakhs in 1979-80. This makes operational and organisational weakness of the bank evident.

The purpose-wise break up of advances, recovery and overdues of the bank to its affiliated societies are as under:

**Amount advanced**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Medium Term Loans/SEDA</td>
<td>-</td>
<td>1.16</td>
<td>1.82</td>
<td>3.62</td>
</tr>
<tr>
<td>3. Medium Term Conversion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Cash Credit</td>
<td>371.00</td>
<td>447.19</td>
<td>436.89</td>
<td>596.70</td>
</tr>
<tr>
<td>Total</td>
<td>385.26</td>
<td>457.36</td>
<td>448.88</td>
<td>614.58</td>
</tr>
</tbody>
</table>

**Amount Recovered**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Short Term Loans</td>
<td>14.99</td>
<td>11.92</td>
<td>10.98</td>
<td>9.60</td>
</tr>
<tr>
<td>2. Medium Term Loans/SEDA</td>
<td>0.11</td>
<td>0.32</td>
<td>0.73</td>
<td>2.09</td>
</tr>
<tr>
<td>3. Cash Credit</td>
<td>364.00</td>
<td>407.31</td>
<td>430.22</td>
<td>627.27</td>
</tr>
<tr>
<td>Total</td>
<td>379.10</td>
<td>419.55</td>
<td>441.93</td>
<td>639.20</td>
</tr>
</tbody>
</table>

Contd ..
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short Term Loans</strong></td>
<td>12.29</td>
<td>9.38</td>
<td>8.57</td>
<td>13.17</td>
</tr>
<tr>
<td><strong>Medium Term Loans/SFDA</strong></td>
<td>0.80</td>
<td>1.56</td>
<td>2.65</td>
<td>4.18</td>
</tr>
<tr>
<td><strong>Medium Term Conversion</strong></td>
<td>-</td>
<td>10.47</td>
<td>10.80</td>
<td>9.61</td>
</tr>
<tr>
<td><strong>Long Term Loans</strong></td>
<td>-</td>
<td>7.02</td>
<td>6.32</td>
<td>5.97</td>
</tr>
<tr>
<td><strong>Cash Credit</strong></td>
<td>35.45</td>
<td>75.33</td>
<td>81.48</td>
<td>115.86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48.54</td>
<td>93.76</td>
<td>109.82</td>
<td>148.79</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount Overdue</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short Term Loans</strong></td>
<td>8.89</td>
<td>7.09</td>
<td>5.99</td>
<td>6.98</td>
</tr>
<tr>
<td><strong>Medium Term Loans/SFDA</strong></td>
<td>0.72</td>
<td>0.78</td>
<td>0.73</td>
<td>0.71</td>
</tr>
<tr>
<td><strong>Medium Term Conversion</strong></td>
<td>-</td>
<td>8.95</td>
<td>8.05</td>
<td>8.40</td>
</tr>
<tr>
<td><strong>Long Term Loan</strong></td>
<td>-</td>
<td>2.50</td>
<td>2.91</td>
<td>3.72</td>
</tr>
<tr>
<td><strong>Cash Credit</strong></td>
<td>-</td>
<td>9.34</td>
<td>9.59</td>
<td>11.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9.61</td>
<td>28.66</td>
<td>27.27</td>
<td>31.11</td>
</tr>
</tbody>
</table>

Source: By courtesy of J & K Cooperative Bank, Srinagar.

From the above figures it appears that advances are mostly for seasonal agricultural operations.
and marketing of crops. There has not been any appreciable improvement in medium term loans. Such loans, advanced for purchase of machinery, sinking of tube wells, purchase of cattle and minor improvements in land, constitute only a negligible portion of total advances. It is only the cash credit loans where advances are maximum.

While seeking a clarification from the Management on this unhealthy loaning position of the bank, the scholar was furnished with the list of reasons, some of which are reproduced here under:

1. Direct advances to agriculturists by Commercial Banks;
2. Increased overdues and consequent ineligibility of societies for fresh loans;
3. Direct financing by Government in the form of pacewari;
4. Affluence of agriculture achieved over the past three decades.22

22. Personal discussion with the General Manager, Jammu and Kashmir State Cooperative Bank, Srinagar.
The Study Team of Reserve Bank of India which made an indepth study of credit requirements in agriculture in 1977, reveal short term credit requirements to the tune of Rs. 17 crores which are likely to go to Rs. 20 crores to 22 crores in 1982. The cooperative banks alone are required to advance Rs. 10 crores annually. The line of credit stands choked by heavy overdues discussed here under:

Overdues:

The position of the State Cooperative Bank Ltd., in respect of overdues is not satisfactory. Loans and advances which are overdue are increasing day by day. On 30th June, 1977 advances/loans overdue were only Rs. 77.39 lakhs and this amount has increased to Rs. 94.35 lakhs during period upto 30th June, 1980. The proportion of overdue to demand is ranging between 17 to 19 percent. Heavy floods and unfavourable weather in the valley are largely responsible for this increase in overdues. As Central Cooperative Bank, overdues increased

23. Office records of the J & K State Cooperative Bank, Srinagar.
from Rs. 9.61 lakhs to Rs. 31.11 lakhs. The overdue problem is a chronic disease with the bank since long. There are amounts which were found overdue by more than 10 years, and when discussed with the management they stated that the amount is meagre and it has not affected the bank's business at all. But such explanation cannot stand before law. Over dues beyond six years are time-barred and therefore, bad debts.

The period-wise position of overdues is revealed by the following table:

### TABLE 5

YEAR-WISE OVERDUES OF THE J & K STATE COOPERATIVE BANK

<table>
<thead>
<tr>
<th>Year</th>
<th>Below 1 year</th>
<th>1-3 years</th>
<th>3-5 years</th>
<th>Above 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-76</td>
<td>7.89</td>
<td>30.53</td>
<td>7.45</td>
<td>39.93</td>
<td>85.80</td>
</tr>
<tr>
<td>1978-79</td>
<td>8.94</td>
<td>31.38</td>
<td>10.22</td>
<td>34.42</td>
<td>84.96</td>
</tr>
<tr>
<td>1979-80</td>
<td>7.39</td>
<td>33.06</td>
<td>11.59</td>
<td>42.31</td>
<td>94.35</td>
</tr>
</tbody>
</table>

Source: By courtesy of J & K State Cooperative Bank, Srinagar.

24. Ibid.
Here it is relevant to quote the observations made by Reserve Bank of India in the Inspection Report of the Bank as "overdues to the bank under term loans stood at Rs. 77.07 lakhs as on 30th June, 1978, increasing to Rs. 79.17 lakhs on 30th June, 1979 formed 30.3 percent of demand for the year 1978-79. Besides, the outstanding under renewed cash credit and overdrafts which amounted to Rs. 4.68 lakhs on June 30th, 1978 had also increased to Rs. 5.82 lakhs on 30th June, 1979 and framed 7.1 percent of the total cash credits and overdraft outstanding as on that date.

As on 30th June, 1979 out of 164 societies indebted to the bank, 144 societies forming 87.8 percent of the total were in default. Besides all the three Central Cooperative Banks in the State were in default to the bank and a sum of Rs. 54.59 lakhs were overdue from them forming 64.2 percent of the total overdue. The bank has failed to take appropriate action for recovery of loans as is revealed from the following facts:-

1. Notices were issued to 34 societies in May, 1979, but further action for filing of
arbitration cases had not been taken.

2. No follow up action was taken to expedite the arbitration proceedings which were in progress against 29 societies since September, 1976.

3. Demand levied for loans was not advised to the societies directly.

Thus alarming increase in overdue position has proved as an impediment to the smooth flow of credit from the bank to the agricultural sector. While making comparison of the bank with the Punjab State Cooperative Bank and Haryana State Cooperative Bank, it seems that the bank has given a poor show which is further depicted by the following figures:

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>Advances (Rs. in lakhs)</th>
<th>%age of overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>J&amp;K State Cooperative Bank</td>
<td>929.70</td>
<td>18.04</td>
</tr>
<tr>
<td>Punjab State Cooperative Bank</td>
<td>75.60</td>
<td>1.4</td>
</tr>
<tr>
<td>Haryana State Cooperative Bank</td>
<td>1442.30</td>
<td>4.33</td>
</tr>
</tbody>
</table>

Source: Compiled by scholar from office records of these banks

* Figures in crores of Rs.

26. Ibid.
From the table it is evident that though the advances of these banks amounted to crores of rupees still the overdue position is quite satisfactory that is only 1.4 percent in respect of Punjab State Cooperative Bank and on 4.33 percent in respect of Haryana State Cooperative Bank against the 11.04 percent in respect of the J & K State Cooperative Bank in June 1979.

ii. Loan Procedure:

Modernisation of agriculture involves considerable investment in the form of both durable and non-durable capital. Since the personal savings of our farmers are poor, per force they have to borrow for agricultural operations. Institutional credit has to be so arranged that credit is utilised for the purpose for which it is intended and not diverted to some other use. For agricultural loans the bank strictly follows crop loan manual. The system broadly speaking, envisages that "the credit needs of cultivating families are to be determined with reference to the requirements of production in respect of different crops to be
grown by them in the ensuing cropping season, individual credit limits being fixed subject to the repaying capacity.\(^7\) Again credit is given for major inputs like fertilizers etc. It is suggested that it should be supplied not in cash but in kind. The bank has to fix appropriate scales of finance per acre per crop consisting of two components A and B. Component A is to be fixed at one third of the gross value of produce per acre per crop, plus the additional expenses on labour engaged in the application of fertilizers, insecticides etc. and may be disbursed in cash. Component B is to cover the expenses on fertilizers and other inputs and must be disbursed in kind. The scales of finance for different crops will be different as the outlay on the inputs varies from crop to crop. Some crops will require much higher scales of finance than others. For purposes of convenience they are divided into irrigated and unirrigated crops. The present scales of finance per acre as worked out by the Field Workers Conference on 7.3.1979 are given in the next page.

27. R. D. Bedi, Cooperation in India, P. 273.
Loans are granted mainly for short term agricultural operations and marketing of crops like Spinach, Wheat, Maize and fruits such as Walnut, Apples, Almonds etc. But Spinach ( and Wheat ) being the main agricultural crops of the State, loans are mostly made for:

1. Cultivation, and
2. Marketing

This serves two objectives. Firstly, credit is made available by the Cooperatives to the peasant for his production and other agricultural needs at the proper time; secondly, Cooperatives help the State Government in the food procurement campaign.

Since the credit is needed for meeting the cash as well as kind outlays, it is as such provided during the period these outlays have to be made.
Similarly, since repayment is expected to come out of the crops grown, the borrower should not be allowed to repay after harvesting the crops. The farmer has to be disciplined to draw on the sanctioned credit limit only when the outlay is to be incurred and repay the loan taken at the end of the agricultural season. In other words, there has to be some seasonality in the disbursement as well as in the recovery of the credit needed for carrying on seasonal agricultural operations. There is in fact some degree of automatic seasonality in the disbursement of kind loans, because a farmer is unlikely to draw on such loans much in advance of his requirements, unless he is compelled to do so by the lending agency itself or is afraid of an impending shortage in the supply inputs. So far as cash component is concerned he is given freedom to draw on it at any time he needs because by its very nature it is a 'Ways and Means' advance. Some may draw in lump-sum while others may prefer to draw in two or three instalments. Seasonality has to be enforced for repayment strictly particularly in case
of farmers whose income is derived mainly from agriculture. This is done by granting loans in cash as well as in kind from crop falling due for repayment on a fixed date which may be one or two months proceeding the harvest for allowing the farmer to market his produce. The time schedule for loaning and recovery as fixed by the bank is as under:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Loaning period</th>
<th>Recovery period</th>
<th>Last date for repayment by the societies to the banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kharif</td>
<td>20th March to 31st August</td>
<td>15th Oct. to 31st December</td>
<td>15th January</td>
</tr>
<tr>
<td>Rabi</td>
<td>October to 31st March</td>
<td>July to 15 August</td>
<td>30th September</td>
</tr>
</tbody>
</table>

In production oriented system the eligibility for a crop loan is determined not with the reference to the value of land cultivated or other tangible security, but on the basis of the outlay on cultivation and the repaying capacity from out of the agricultural produce. In the interest of agricultural production as well as of social justice the purpose of the credit should run supreme.

than the security of the short term loan. While tangible security is not the governing consideration but where it is available it is asked for. This is necessary to prevent a person from approaching to another lending agency for a second loan for the same business. Mortgage of land is one way of securing the loan, but the procedure and formalities involved in the execution of a mortgage are generally time consuming and put the average cultivator to great hardship. Thus the Cooperative Act provides for creating a charge on the land or the interest in the land he cultivates. A charge on land is not same as a mortgage on land because it does not involve transfer of ownership in the holding by the borrower. From the point of security from the lending agency, the charge is as good as a mortgage.

The loan procedure adopted by the bank has acted as a factor for delay in sanctioning of loans to the needy persons. It has also proved a source of corruption at lower levels in the Cooperative sector in so far as determination of eligibility for loans has become by far fictitious rather than genuine procedure. This is a vital point for consideration
of concerned authorities.

**Deposits:**

An important indicator of the success and efficiency of any credit agency is the extent to which it is able to mobilise the savings of the community. Mobilisation of deposits reduces to some extent dependence of the credit agency on external borrowings. The Apex Cooperative Banks have a greater responsibility of meeting the requirements of the Central Cooperative banks and affiliated primaries. So in order to strengthen their resource position they have to rely on deposits. Deposit mobilisation helps in two ways in improving the economic conditions of the country as a whole. On the one hand idle money is collected and channelised through organised money market for developmental activities and on the other hand, it puts a curb on the spending of surplus money on non-developmental activities which can create many economic evils like inflation.

The Jammu and Kashmir State Cooperative Bank Ltd. receives deposits from both members and non-members. The Central Cooperative Banks of the State
also deposit their surplus funds and a part of their working capital with the Apex Bank. A major difficulty with this bank in the past was paucity of deposits due to some economic and political conditions and consequent loss of confidence of the public, due to instability in the wake of Tribal aggression. With the restoration of normalcy efforts were made to strengthen the deposit position as mainly by encouraging affiliated societies to have current, savings and fixed deposit accounts with the bank and by offering better rates of interest. The year-wise position of deposits from 30th June, 1976 is as under:

**TABLE 7**

DEPOSIT POSITION OF THE BANK

( Rs. in lakhs )

<table>
<thead>
<tr>
<th>Year</th>
<th>Current</th>
<th>Saving</th>
<th>Fixed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>61.66</td>
<td>28.10</td>
<td>95.15</td>
<td>184.93</td>
</tr>
<tr>
<td>1978-79</td>
<td>134.50</td>
<td>52.16</td>
<td>167.05</td>
<td>353.71</td>
</tr>
<tr>
<td>1979-80</td>
<td>113.70</td>
<td>59.19</td>
<td>177.76</td>
<td>350.65</td>
</tr>
</tbody>
</table>

Source: Compiled by the scholar from the office records of the bank.
An important measure for promotion of deposit mobilisation is the provision of insurance cover to the depositors under the Deposit Insurance Scheme Act 1968. Despite the benefits of Deposit Insurance availed by Cooperative bank, the position did not show a very encouraging trend as was the case with other banks operating in Punjab and Haryana. The fact becomes clear from the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>J&amp;K State Cooperative Bank</th>
<th>Haryana State Coop. Bank</th>
<th>Punjab State Cooperative Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>164.93</td>
<td>3016.03</td>
<td>5640.00</td>
</tr>
<tr>
<td>1978-79</td>
<td>353.71</td>
<td>3997.12</td>
<td>7668.00</td>
</tr>
<tr>
<td>1979-80</td>
<td>350.65</td>
<td>-</td>
<td>9206.00</td>
</tr>
</tbody>
</table>

Source: Compiled by the scholar from the office records of these banks.
The Jammu and Kashmir State Cooperative Bank functions through its branches located at Srinagar, Narbal, Ganderbal, Badgam, Leh and Kargil, Beerva, Chadoora and Chrar-e-Sharief. The Board of Directors have recently decided to open another branch at Kangao. On the overall plane, the bank lags behind the commercial banks in providing modern banking facilities to the public. Besides, the bank does not provide any subsidiary services to the depositors such as provision of lockers, carrying out of standing instructions, collection of cheques, bills, depositing of electricity and water bills. These facilities are provided by most of the State Cooperative Banks of the country. The Punjab State Cooperative Bank is the first Cooperative bank of the country which provides Teller Services to facilitate prompt payment by cheques. One of the reasons of the failure of Jammu and Kashmir State Cooperative Bank to attract more deposits from Institutional sources is the State Government's policy of keeping surplus funds of local bodies.

29. Office records of the Bank.
Quasi Government Institutions with the Jammu and Kashmir Bank Ltd. This is much against the recommendations of Rural Credit Survey Review Committee. It also depicts lack of confidence by the Government itself in the bank. This is really a main deterrent to deposit mobilisation from the market and this wrong requires to be corrected to boost up depositors confidence.

**Rate of Interest:**

Rate of interest offered by the bank on deposits is an important incentive and this largely determines the cost of raising resources. Thus, interest rates on deposits and lendings should be so balanced that the depositor gets sufficient incentive to deposit and the ultimate borrower feels no hesitation in borrowing. The State Cooperative Bank as well as Central Cooperative Banks are given a special concession in the rate of interest by Reserve Bank of India which is 3 percent below the bank rate.

**Stabilisation Fund:**

By and large, crop failures due to natural calamities impair the repaying capacity of the culti-
vators. To deal with this problem Agricultural Credit Stabilisation Fund has been constituted by Reserve Bank of India at:

a. the local level in the Central Cooperative Bank;

b. the State level in the State Cooperative Bank and

c. the national level in the Reserve Bank of India.

The fund can be used for converting short term loans into medium term loans due from the farmer to his primary credit society, from society to the Central Cooperative Bank, from that bank to the State Cooperative bank and from it to the Reserve Bank of India which provides substantial refinance facilities for short term agricultural purposes to all State Cooperative Banks. This facility can be provided at each level, due to adverse natural conditions where the production of crops may be less than 50 percent of the average. The Revenue Department has to declare the crop yields of each village every year. Medium term loans repayable in three equal instalments are granted at each level up to the maximum of short term loans due. The latter loans
are treated as cleared by transferring the amount to the medium term conversion loan account. No cash is advanced, but adjustments are made in the books of institution.

In order to build up sizeable stabilization fund Reserve Bank of India suggests that

1. At least 15 percent of the profit be appropriated towards such funds both by the Apex and Central banks.

2. Amount of dividend occurring to the Government on the shares held by them in the Cooperative banks exceeding 3 percent be transferred fully to these funds.

3. The State Governments must also contribute lump sums to the stabilization funds at the Apex level. Such contribution must range between 5 percent to 10 percent of the outstandings of the Agricultural loans at the Central Bank level in all the States.

4. 50 percent of such contributions be in the form of grants while remaining 50 percent be in the form of interest free loans.23

The bank under discussion has maintained the stabilisation fund and it has increased to Rs. 20.89 lakhs. Stabilisation arrangements providing conversion of loans in areas affected by natural calamities is based on assessment of crop loan on scientific basis and involvement of State Government in the entire scheme of things is adequate. The State Government has given assistance by transferring dividend in excess of 3 percent on share capital contribution to the Fund.

Apart from funding it is also necessary to remove some of the basic deficiencies in the existing stabilisation arrangements. With that end in view following measures have been recommended by the National Conference of Cooperative Registrars on the role of cooperatives in the development of National Economy as:

a. The loanee availing of conversion facility should be given fresh finance.

b. Payment of interest should not be made

30. Office records of the J & K State Cooperative Bank, Srinagar.
a pre-condition for grant of conversion;

c. Suitable arrangement should exist for write off loan of small farmers in areas affected by successively by natural calamities as recommended by the overdue Committee;

d. Augmentation of State Agricultural Credit Relief Fund to facilitate write off.

Financial Position:

The financial position of the Apex Cooperative Bank as on 30th June, 1980 is given in the Balance Sheet of the Bank. After careful analysis the Balance sheet is reduced to the following statement of affairs which brings out a deficit gap of Rs. 0.86 lakhs.

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Amount (in lakhs)</th>
<th>Assets</th>
<th>Amount (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulars</td>
<td></td>
<td>Particulars</td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>43.66</td>
<td>Cash</td>
<td>37.15</td>
</tr>
<tr>
<td>Reserve and other funds</td>
<td>44.42</td>
<td>Deposits</td>
<td>104.16</td>
</tr>
<tr>
<td>Govt. funds</td>
<td>78.73</td>
<td>State Partnership fund</td>
<td>78.73</td>
</tr>
</tbody>
</table>

..Contd..
## Deposits

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>177.76</td>
</tr>
<tr>
<td>Saving</td>
<td>59.19</td>
</tr>
<tr>
<td>Current</td>
<td>113.70</td>
</tr>
<tr>
<td>Call</td>
<td>3.12</td>
</tr>
</tbody>
</table>

## Investments

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46.40</td>
</tr>
</tbody>
</table>

## Advances

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.T.</td>
<td>253.35</td>
</tr>
<tr>
<td>M.T.</td>
<td>97.97</td>
</tr>
<tr>
<td>L.T.</td>
<td>59.96</td>
</tr>
</tbody>
</table>

## Borrowings

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.T.</td>
<td>4.00</td>
</tr>
<tr>
<td>S.T.</td>
<td>7.66</td>
</tr>
<tr>
<td>L.T.</td>
<td>76.49</td>
</tr>
<tr>
<td>Total</td>
<td>90.35</td>
</tr>
</tbody>
</table>

## Bills for collection

| Amount  | 3.23    |

## Adjustments

| Amount  | 0.60    |

## Overdue Interest reserve

| Amount  | 22.69   |

## Interest payable

| Amount  | 17.93   |

## Suspense interest account

| Amount  | 42.86   |

## Profit & Loss account

| Amount  | 37.16   |

## Total

| Amount  | 735.62  |

## Total

| Amount  | 734.76  |

## Deficit

| Amount  | 0.86    |

### Note:
- Amount declared bad debts by audit are S.T. 10.69 M.T. 3.21, L.T. 2.11 total 16.01 lakhs.
All this shows a precarious position of the bank. The position of profit of Rs. 7.10 lakhs as on 30th June, 1979 has been turned into the loss of Rs. 0.52 lakhs as on 30th June, 1980. This is a serious position and calls for high enquiry into the working of the bank.

Suggestions:

To salvage the institution from further deterioration the following broad suggestions may prove of worth consideration:

1. The Board of Directors of the bank need to be re-shuffled. This might involve amendment of by-laws of the bank. The amended byelaw should give representation to various interests. For example, individual members whose number is 107 should have only one representative as against existing number of 3 for whose selection a separate Electoral College should be formed. Number of individual membership should be reduced and no fresh admission should be given to individuals even by transfer of shares. Normally individuals should find
their membership at the Primary Society level, but since this bank is also functioning as Central Cooperative Bank for Srinagar, Badgam, Leh and Kargil districts, these districts should find due representation on the Board of Directors in proportion to the number of working Societies in each district. Similarly other Central Cooperative banks of the State need be given representation in proportion to the number of societies affiliated with each or in proportion to the volume of business with the bank. Other interests like J & K Marketing Federation, Land Development Bank, J & K Consumer Federation, Government nominees need to be given due representation on the Board.

2. Deputationists should be reverted back to their parent departments and in their place fresh recruitment be made from the open market. In this age of professionalized management, the management should have no difficulty to get services of experts who are professionally trained. Loyalty of the executive personnel is the foundation of the bank which has been found lacking in a great measure in the present case. Along with transfer of supervision
from the department to this bank the bank has inherited supervisory staff whose qualifications fall below B. A. standard. The present market is full of unemployed Commerce and Economic Graduates and Higher Diploma in Cooperation, who will prove more useful as compared to those who do not possess background of this institution.

3. Recovery of overdues is a problem which requires to be supervised by experts. Fictitious reports of recoveries submitted by supervisory staff should be authenticated by reference to number and date of advice under which such recovered amounts have been or might be deposited with the bank. Instances in fictitious recovery are not wanting. It would be appropriate if certain incentives by way of advance increments are declared for effecting cent percent recovery of overdues by a Supervisor in his circle and also punish supervisors for showing fictitious recovery by way of stopping their increments.

4. The bank is snabily housed in a rented building and has poor accommodation. It is gratifying to note that the Government has demarcated an eight kanal plot near the exhibition grounds which is
suitably situated for banking business. However, construction of a suitable building in the near future seems a difficult task as the matter of transferring of land is subjudice. Enquiry revealed that the suit is not being energetically pursued to its finalisation. Having a bank-like building with convenience and face lift will salvage the bank from the wrecked position and attract depositors.

5. Bank's failure to attract more deposits is due to the indifferent attitude of the Government who keep surplus funds of Government, Semi Government agencies, local bodies with Jammu and Kashmir Bank Ltd. State Government should advise local bodies to have their deposit accounts with the Cooperative Bank.

6. At branches there should be Branch Managers trained in modern banking techniques who know deposit salesmanship. Branches should not be only loan disbursing centres but banking offices in all respects.

7. In the matter of opening branches the Cooperatives and Commercial Banks should not compete with each other but supplement each other's efforts.
6. Backward pockets like Leh, Kargil deserve a special attention. It is sad to note that branch banks operating in these areas have not advanced loans over the past several years. An agricultural loan promotional officer should be more useful to motivate people and assess loan requirements and recommend suitable cases for grant of loans.

9. Diversion of loans to sectors like individual transport, individual enterprise, like retail shops, T.V. loans is a trend in the wrong direction which needs to be stopped. These may be politically motivated loans to suitable parties but this is a wrong pace-setter. A bank committed to cooperative enterprise should avert diversion of funds to non-cooperative business.

10. Steps should be taken to revitalise primary societies under the banks' charge in collaboration with the department of Cooperatives and restore them to good health. Case studies should be conducted by Cooperative experts especially retired officers available, who may assess loan potential in a given
area and suggest measures for filling up the credit gap. This involves need for motivation of members and potential members of societies to rectify the lacuna. Lack of cooperative education is one of the major causes of deterioration of cooperative effort and as Apex Bank the management has that responsibility also.

11. The bank lacks safe deposit vault facility, a necessity of modern times. This facility should be thrown open to General public.

12. The bank should maintain a separate statistical cell to analyse assess, and formulate loan strategy, in reference to its resource position and the imperatives of State Policy with regard to financing of agriculture from time to time.

13. Since recently there has been growing appreciation for the demand to issue agricultural pass-books to members of Cooperative Societies to facilitate borrowing loans and also to plug loopholes in the existing procedure which is time-consuming, as also open to mal-practices at lower
levels. The proposed pass book will have detailed information with regard to the land and other resources of the members duly verified by Revenue agency and also the maximum credit limit fixed in favour of the member to determine his eligibility for loan from the financing agency. This needs immediate implementation as the Revenue Minister of the State has made official announcement in this respect a year back.

The Apex Bank is a reservoir institution for Central Cooperative Banks in the State. It is therefore, proper place to have a look into the performance of such banks presently functioning at Anantnag, Baramulla and Jammu.