

Evolution of the Jammu And Kashmir Bank Limited

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Till early twenties the entire banking in the state of Jammu and Kashmir was performed by traditional money lenders, though some banks functioned, albeit on a limited scale, such as Punjab National Bank Ltd, Grindlays Bank and Imperial Bank of India. However, these Banks Could not grant loans as under the State Laws prevailing at that time. They Could not take properties as mortgage to secure loans granted by them. The Economic conditions of the people did not improve basically due to the Reason that the private money lenders were charging huge interest on the Loans granted by them. To overcome this the then Maharaja of state gave Orders to consider setting up of a State Bank in the state. Accordingly, a Proposal was submitted by Mr. D.N. Nagarkatti who was functioning at that time as Director of Industries and Commerce Department. This proposal was Considered by leading experts in banking such as Raja Sir Daya Krishan Kaul, Lala Hari Krishan Lal and Col. K.N. Haksar, who was then Director Special organization, chamber of princes. However, the proposal of Mr. Nagarkatti was not considered practicable.

A meeting was thereafter held in Srinagar on 18th June 1930 in the office Chamber of the then Finance and Development Minister in the Maharaja's Government, Shri P.K. Wattal. The meeting was attended by leading traders, manufacturers and local money lenders. In order to improve the economic Condition of the people of the J & K State, it was decided that Shri Sorabji N. Pochkanwala, the then Managing Director of the Central Bank of India be approached with the request to formulate a scheme for establishing a Bank in the State of Jammu and Kashmir. Shri P.K Wattal submitted a note on 19th June 1930 to the Maharaja which recommended that Shri Pochkanwala be approached. By 27th June, the note was approved. Shri Pochkanwala submitted his recommendation on 24th September 1930. In his report he made three suggestions:

1. A State Bank i.e. A Bank whose entire share capital would be Subscribed by the Government.
2. A Private Joint Stock Bank i.e. With the share capital subscribed By the public.
3. A Semi State Bank where the State would subscribe only a part of The capital, other part to be subscribed by the public, but the state Would keep control as may be necessary to safeguard its moneys.