

Minutes of meeting of the Sub-Committee of State Level Inter-Institutional Committee (SLIIC) held on 3rd August 2012

The first meeting of the Sub-Committee of State Level Inter-Institutional Committee (SLIIC) constituted in terms of the decision taken in the 17th meeting of Empowered Committee of RBI on MSMEs, was held on 3rd of August 2012 at J&K Bank, Corporate Headquarters, Srinagar. Terms of reference for the meeting was to discuss the individual cases of sick units of MSMEs and ensure reconciliation of the sick units of banks with those of the Industries & Commerce Department. As mandated by SLIIC the meeting was chaired by the Director, Industries & Commerce (Kashmir), Mr. Mehraj-ud-din Kennu nominated by Commissioner/ Secretary, Industries & Commerce, J&K Govt. and was attended by other members of the Sub-Committee of SLIIC including Vice President (LBD/SLBC) J&K Bank, Vice President (Priority Sector), A&AP Division, J&K Bank, Managing Director SIDCO, representatives of Industries & Commerce Department, some major banks / financial institutes and representatives from Trade & Industry. The detailed list of participants is enclosed as Annexure-A. Director, Industries & Commerce (Jammu), representatives of Jammu Chamber of Commerce & Industry and Federation of Industries Jammu did not attend the meeting despite timely invitation.

At the outset the Vice President (LB/SLBC), J&K Bank, Mr. M. S. Wani extended a warm welcome to all the participants of the meeting and briefed them about the objective of convening the meeting. Thereafter, he requested the Chairman to take up agenda for deliberation.

The Director, Industries & Commerce (Kashmir), Chairman of the meeting, after formally welcoming the participants of the meeting, desired that in future all members of the forum should be advised to ensure their participation in the meetings of the forum for enabling fruitful and result-oriented deliberations.

Thereafter, the Chairman of the meeting informed the forum that for the purpose of revival and rehabilitation of sick MSMEs units Government of J&K has already constituted a Committee. The said Committee has prepared a list of 175 potentially viable sick MSMEs units that could be rehabilitated, which comprised of the following categories:

• Partly functional units	...	025
• Units closed (existing) interested in revival	...	102
• Units belonging to migrant	...	008
• Units under occupation of security forces	...	028
• New applications received for rehabilitation	...	<u>012</u>
TOTAL	...	<u>175</u>

He stated that the said list of 175 MSMEs sick units had been prepared keeping in view that only those sick units would be considered for rehabilitation which are under nursing and the dead units or the units of willful defaulters would not be considered for revival and rehabilitation.

The Vice President (LBD/SLBC) Mr. M. S. Wani stating that it would be very useful to concentrate on the trimmed list of 175 sick MSME units desired that Government should share the said list with all the banks and the SLBC. He stated that the banks would need to make due diligence of these cases and decide whether the identified sick unit is viable for revival and rehabilitation or not. He clarified that the units considered for rehabilitation should be currently viable.

Reacting to this, the representative of FCIK, Mr. Mohammad Ashraf Mir pointed out that as per Govt. Order No. 47-E, banks cannot at mid-way say that they are not satisfied with the sick unit. Hailing the efforts of J&K Bank in extending flow of credit to the MSMEs in the State and also for extending solutions to a number of MSMEs cases, he stated that the role of nationalized banks towards the MSMEs sector in J&K State has been quite negligible. Referring to a specific case of M/S Kashmir Plastic Industries, I.E. Barzulla, Srinagar (appearing at S. No. 13 of agenda/ background papers), Mr. Ashraf pointed out that the unit is suffering for finance since a very long time for the fault of State Bank of India. He pleaded that the forum should look into that specific case sympathetically and ensure its revival. He further informed that the unit was established by the proprietor concerned in 1965 investing his huge resources for purchase of plant and machinery. The case was referred to State Bank of India for grant of working capital facility then worked out to the tune of Rs.1.50 Lacs per month, but the bank provided him only Rs.0.50 Lacs, which was subsequently enhanced to Rs.0.80 Lacs to meet the working capital requirement. This obviously was quite inadequate and the unit could not meet even the 10% of its installed production, which resulted in sickness of the unit. The Industries Department has been of the view that the installed plant & machinery of the unit would run on profit had the unit been adequately financed.

After thorough deliberations the following decisions were taken in the meeting:

- **The Industries & Commerce Department shall circulate for information of all the banks and other stakeholders, the revised list of 175 potentially viable sick MSMEs units prepared by the Committee constituted by the Government, to be considered for revival and rehabilitation.**
- **As soon as the said list is received by the SLBC, a meeting of the Sub-Committee of SLIIC shall be arranged for discussing the same and lists of sick units of banks shall be compared with the list of Industries & Commerce department and the list of sick units endorsed by all the stakeholders shall be considered for rehabilitation.**
- **Under the revival and rehabilitation package of the sick MSMEs units the ratio of Bank Finance, Margin Money and Promoters contribution shall be in the ratio of 70:20:10.**
- **The package would be a multi- party mechanism involving Industries Department, SIDCO and the Banks and for the rehabilitation of existing units all the three parties shall have to be taken on board.**
- **The case of M/S Kashmir Plastic Industries, I.E. Barzulla, shall be re-examined by the concerned financing bank (State Bank of India) and considered for rehabilitation after re-assessing his requirement of finance. The Proprietor of the said concern was advised to immediately meet Mr. A. G. Pandita of State Bank of India.**
- **Cases of willful defaulters shall not be considered for rehabilitation.**
- **It was also decided that the representative of J&K Development Finance Corporation (J&K DFS) should be enlisted as a member of the Sub-Committee of SLIIC.**
- **The Chairman of the meeting advised that Managing Director, J&K SFC, whose role is very essential in the matter of rehabilitation of sick MSMEs units, should attend meetings of the forum himself henceforth.**

The meeting ended with a vote of thanks to the Chair.

(M. S. Wani)
Vice President
Lead Bank/ J&K SLBC

Annexure-A

List of participants of the first meeting of the Sub-Committee of SLIC held on 3rd August 2012

<u>S. No.</u>	<u>Name of the participant</u>	...	<u>Designation / Organization</u>
<u>Chairman</u>			
1.	Mr. Mehraj-uddin Kennu	...	Director, Industries & Commerce (Kashmir)
<u>Convenor, SLBC</u>			
2.	Mr. M. S. Wani	...	Vice President (LBD/SLBC), J&K Bank
<u>Industries & Commerce Deptt.</u>			
3.	Mr. Aijaz Ahmad Bhat	...	Joint Director (S&M),
4.	Mr. Bilal Ahmad	...	Joint Director
<u>SIDCO</u>			
5.	Mr. Md. Muazzam	...	Managing Director
6.	Mr. Riyaz Ahmad Dar	...	Sr.Manager- DB
7.	Mr. Mir Mushtaq	...	Manager- DB
<u>Banks/ Financial Institutes</u>			
8.	Mr. A. K. Pandita	...	Vice President (PS), J&K Bank
9.	Mr. K. J. Pandita	...	Officiating AGM, State Bank of India;
10.	Mr. Mir Mushtaq Ahmad	...	AGM, Punjab National Bank;
11.	Mr. N. A. Bhat	...	DGM, J&K State Financial Corporation;
<u>Representative Bodies of Trade & Industries</u>			
12.	Mr. Mohammad Ashraf Mir	...	Senior Vice President (FCIK)
13.	Mr. Nazir Ahmad Wani	...	Senior Vice President (KCC&I)

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