

Background

In the 17th Empowered Committee (EC) meeting on MSMEs/ SLIIC convened by Reserve Bank of India on December 22, 2011 at its Regional Office, Jammu, it was decided to constitute a sub-committee of State Level Inter-institutional Committee (SLIIC) under the Chairmanship of a nominee from the Commissioner-cum-Secretary, Industries and Commerce, which would be convened by the Convenor, SLBC with the Director, Industries Kashmir & Jammu, Controllers of SBI, PNB, JKBL, concerned bank whose case will be discussed, JKSF, JKSIDCO (in case their case is being discussed) and the individual unit holder through the concerned Association. The Sub-Committee would meet once in a quarter preferably 15 days before the SLIIC meeting and report to the SLIIC.

The Sub-Committee of SLIIC has been constituted with the objective of (i) discussing individual cases of sick units and (ii) Reconciliation of lists of sick units with Directorate of Industries & submission of the same to Reserve Bank of India. Accordingly, the representative organizations of Trade & Industry were requested to escalate the issues/ complaints, representations if any, to the SLBC Secretariat for enabling to include the same in the Agenda for the meetings of the Sub-Committee of SLIIC.

Agenda Item No: 01

Individual Sick MSMEs units in J&K State:

The individual cases of sick units received from Kashmir Chamber of Commerce & Industry and other quarters, are placed here for discussion of the forum:

(1) M/S ALSON Group of Industries Pvt. Ltd.

Description of the case	Comments of the Bank concerned, if any
<p>The J&K Bank based on a meeting held on 12.05.2006, which was convened on the recommendations of Industries Department to put together a model for Revival and rehabilitation of sick units and in the first instance four cases were discussed which included the case of M/S Alson Group of Industries.</p> <p>Subsequently J&K Bank intimated under Letter No. JKB/CAD/2007-4037 dated 14.09.2007 in-principal sanction of credit facilities in favour of M/S Alson Industries Complex Limited and M/S Alson Marbles Limited subject to certain conditions that:</p> <p>a) A comprehensive rehabilitation/ revival package acceptable to the Bank is submitted while forwarding the request for regular credit facilities.</p>	<p><u>Case pertains to B/U IBD, Srinagar.</u></p> <p>The bank in the year 2008 has agreed in principal for sanctioning of term loan facility of Rs.256.53 Lacs in favour of M/S Alson Industries Complex, Pvt. Ltd. For taking over NPA balance from UCO Bank and SIDCO and rehabilitation of unit. However, formal approval of facilities was not granted.</p>

Agenda for first meeting of Sub-Committee of SLIC

<p>b) The final disbursement under rehabilitation/ revival package will be subject to the condition that soft loan that the entrepreneur is entitled for is received up front.</p> <p>Subsequent to this, the Directorate of Industries was intimated by J&K Bank vide letter No. JKB/CAD/2008 dated 10.03.2008 that the Bank has in principal sanctioned term loan of Rs.99.09 Lacs (including takeover liability of Rs.43.36 Lacs from UCO Bank and SIDCO + additional cost envisaged in the project report) in respect of M/S Alson Industries Complex Pvt. Ltd. and Rs.168.93 Lacs (including take over liability of Rs.156.70 Lacs and additional requirement of Rs.12.23 Lacs) in respect of M/S Alson Marbles Limited. Further that the bank has in principal agreed to sanction mortgage under Trade & Services to the extent of Rs.306 lac being outstanding amount in UCO Bank) plus additional facility for making the units functional.</p> <p>Subsequently the Directorate of Industries vide their letter No.11/12/13/14 & 15 sanctioned soft loan in regard to M/S Alson Industries match unit to the extent of Rs.21.52 Lacs vide Order No. 11 dated 25.11.2008, as under:</p> <p>M/S Alson Industries Complex Pvt. Ltd. sanctioned soft loan of Rs.29.70 Lacs vide Order No.12 dated 25.11.2008;</p> <p>M/S Alson Marbles Limited Soft Loan of Rs.30.00 Lacs vide order No.13 dated 25.11.2008;</p> <p>M/S Niaz Ahmad and Mubeen Ahmad Rs.21.41 Lacs vide order No. 14 dated 15.12.2008; and</p> <p>M/S Alson Industries Tape Plant Rs.12.77 Lacs vide Order No.15 dated 15.12.2008.</p> <p>M/S Alson Group approached J&K Bank for disbursement of the loan as per sanction, but the bank failed to disburse the amount resulting in delay in revival of units.</p>	<p>Pertinent to mention here that accounts of the concern are NPA with UCO bank & SIDCO since 1990 and UCO bank has filed law-suit against the firm.</p> <p>Also, the account of another concern of the group, M/S Kohimaran Impex dealing with our bank, through B/U IBD, Srinagar, is NPA since 31.03.2011.</p> <p>And BOS in NPA account is Rs.148.12 Lacs. Bank has also sanctioned a mortgage loan of Rs.1.00 Crore on 16.09.2009, which the party had not availed due to their personal reasons.</p>
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(2) M/S Optrex India Pvt. Ltd. Zainakote Industrial Estate, Srinagar:

Description of the case	Comments of the Bank concerned, if any
<p>The project for Rs.13.50 Crore submitted for expansion and revival of their unit was approved by Industries & Commerce Department.</p> <p>The unit had accordingly asked for a working capital facility to the tune of Rs.1.65 Crore from J&K Bank, which has not been granted.</p>	<p>As per information submitted by J&K Bank B/U Zainakote, Srinagar, the party is not indebted to branch.</p>

(3) M/S India Pack Industries Industrial Complex, Rangreth, Srinagar:

Description of the case	Comments of the Bank concerned, if any
30% Soft Loan and 70% Working capital was sanctioned in favour of the unit. The J&K SIDCO disbursed 30% soft loan but the case for 70% working capital has not been finalized by the J&K Bank though recommended by the General Manager, DIC, Budgam vide his letter No. DIC/ BUD/F-859/ 1203/05 dated 19.09.2011.	B/U Rangreth vide mail-dated 30.05.2012 informed that no credit facility has been sanctioned in favour of the unit by the branch. As reported to branch, the party is defaulter with State Financial Corporation (J&K SFC) and has also been sanctioned soft loan by SIDBI.

(4) M/S Iqra Metal Industries, Industrial Estate Pulwama Kashmir:

Description of the case	Comments of the Bank concerned, if any
Financial Assistance case of the promoter has been refused by the Jammu & Kashmir Bank vide letter No. JKB/A&AP/08-3065 dated 25.10.2008.	The account has been adjusted in 2007. Borrower has not approached the branch for any financial assistance.

(5) M/S Hindustan Metal Products, Zainakote, Srinagar:

Description of the case	Comments of the Bank concerned, if any
	As per information submitted by the branch, party is not indebted to the branch.

(6) M/S EFFCO Fruit Products, Zainakote Industrial Estate, Srinagar:

Description of the case	Comments of the Bank concerned, if any
The issue of taking over the two units by the bank for revival as referred to in Jammu & Kashmir Bank letter No. JKB/LM/2007 dated 31.10.2007 addressed to Director, Industries & Commerce Department by BH, J&K Bank B/U Lal Mandi, Srinagar, remains unsettled so far and is requested to be looked into.	As per information submitted by the branch, party is not indebted to the branch.

(7) M/S HAMID TRUNK FACTORY, PAHOO, PULWAMA KASHMIR:

Description of the case	Comments of the Bank concerned, if any
The unit has been awaiting sanction for Soft Loan and the working capital for the last three years, which has not been settled so far by the Jammu & Kashmir bank, main branch Pulwama.	There is no loan facility of the concern with the branch and party has not approached the branch for any fresh financial assistance.

(8) M/S MEHBOOB ENTERPRISES, SIDCO COMPLEX, RANGRETH BUDGAM, KASHMIR:

Description of the case	Comments of the Bank concerned, if any
As per the information the unit remained closed due to location and request for waiver of interest to enable the unit to run smoothly.	M/S Mehboob Enterprises (Prop. Mr.Abdul Aziz Ganai) is availing term loan facility of Rs.12.53 Lac and working capital facility of Rs.10.50 lac respectively under rehabilitation package – SSI Sick units, sanctioned by Advances Department Zonal Office (Central) Kashmir for manufacturing of Steel Trusses, Iron Gates, Grills, Chain Link fencing, Joinery items and furniture. Party has been provided all financial assistance as& when needed and no fresh request pending with the branch in this regard.

(9) M/S AUBCO JUICE, GANDERBAL:

Description of the case	Comments of the Bank concerned, if any
...	Not pertaining to J&K Bank

Detail of the case forwarded by Reserve Bank of India, R.O. Jammu, vide letter No. RPCD (JMU) 1033/03.05.02/2011-12 dated February 08, 2012:

(10) M/S F. K. Poultries, Wanganpora Iddgah / now M/S Zainab Textiles

Description of the case	Comments of the Bank concerned, if any
<p>M/S F. K. Poultries was earlier registered at DIC, Srinagar under No. 07/09/00980 PMT/SST dated 01.02.1988</p> <p>Because of financial constraints and non-availability of working capital and also due to over all political disturbances in the valley remained closed.</p> <p>The unit was declared sick and as a result the unit holder was permitted to change mode of business and under the rehabilitation programme he was allotted two kanals of land at Industrial Estate Khonmoh with change of name, location and style vide order No. DICS/DEV/2011/2423 dated 10.08.2011. The said new unit of M/S Zainab Textiles could not start with due to non-availability of the working capital and other financial resources.</p> <p>Records reveal that J&K Bank, B/O Safakadal, Srinagar has vide its Ref. No. JKB/Sk/ADV/2008-71 dated 10.06.2008 certified that M/S F.K.Poultries (Prop) Gh. Nabi Khan, S/O Late Fateh Mohd. Khan, R/O Wanganpora, Iddgah, Safakadal, has adjusted his loan account after arriving at a settlement at Impaired Assets Branch, CHQ. As per letter No. JKB/IARC/CHQ/1093 dated 7.3.2007 and granted no objection if the proprietor changes line of activity.</p> <p>Records also reveal that J&K Bank, B/U Khanmoh has certified vide its letter-dated 29.99.2011 that M/S Zainab Textiles, I. E. Khonmoh, (Prop. Gh. Nabi Khan) have approached the bank for financial assistance for establishing a manufacturing unit at I. E. Khonmoh, Srinagar, and expressed its readiness to finance the firm as per the D.P.R. upto the extent of 70% of total project cost for establishing the said unit, subject to the condition that the financial assistance shall be governed by the rules and regulations of the bank applicable to such assistance.</p> <p>In the representation under reference the unit holder has prayed for grant of benefit of the Government Order No. 47-Ind.of 1999 dated 10.02.1999 whereunder GoJ&K, Industries Department has declared that procedure for regulating package of incentives and concessions for revival of sick industrial units shall henceforth be as per annexure to the said Govt. Order subject to the following:</p> <ul style="list-style-type: none"> • Incentives be given to such units which are potentially viable, where the promoter undertakes to restart the business and where the track record of promoter is not adverse. • At the refinance/ survey stage the financial institutions/ banks be consulted. 	<p>J&K Bank vide Email dated 31st July, 2012 has informed that M/S Zainab Textiles IE Khonmoh without any civil structure as reported by SIDCO Estate Office. Also the above said party is not availing any type of financial assistance from J&K Bank B/U Khonmoh till date and from the perusal of the records available in the branch, the party has not approached the branch formally for any financial assistance to establish the manufacturing unit at Khonmoh.</p>

Details of cases / representations individually received by SLBC:

(11) M/S EMM ESS KO Group, Amdakadal, Srinagar.

Description of the case	Comments of the Bank concerned, if any
<p>The Unit holder vide his representation dated 07.05.2012 to President, Lead Bank, has submitted that his case for revival / rehabilitation is under process in J&K Bank Ltd. B/O Zakura, Srinagar, as per letter No. DI&C/RSU-1032/26-27 dated 30.04.2011 of Directorate Industries & Commerce (Kashmir), J&K Govt.</p> <p>A copy of letter No. DI&C/SU-1032/26-27 dated 30.04.2011 from Director, Industries & Commerce, Kashmir, addressed to Vice President, J&K Bank, Zonal Office, M. A. Road, Srinagar, reveals that Industries Department has forwarded copy of Govt. Order No. 47-Ind of 1999 dated 10.02.1999 relating to benefit of interest subsidy scheme for sick unit holders, requesting the J&K Bank to make appraisal of the said case in light of Govt. Order and intimate whether J&K Bank will provide financial assistance to such sick units.</p> <p>No further details are available.</p>	<p>J&K Bank has informed that deliberations with M/S EMM ESS KO are going on in this office for rehabilitation purpose.</p>

(12) M/S KARSON Silk Industry, Ganderpora, Iddqah, Srinagar.

Description of the case	Comments of the Bank concerned, if any
<p>The Unit Holder has submitted a representation dated 08.05.2012 stating therein that he had submitted a revival / rehabilitation plan of his unit to the Branch Head, J&K Bank, B/U Zoonimar a couple of months back, but there has been no response from the branch concerned. The unit holder has sought consideration of the case for revival/ rehabilitation in the ensuing SLIIC Sub-Committee meeting.</p>	<p>J&K Bank has informed that CC account of the concern is running with its B/U Zoonimar and the account is standard. Party has approached the branch for sanctioning of credit facility for shifting its unit to Silk Park Zakura from Safakadal. Project report has been submitted by the party and other documents are awaited. Branch is advised to quickly take a decision on the request of the party.</p>

Apart from above, Industries & Commerce Department (Kashmir) vide their letter No. DI&C/MOP/245/147 dated 1.08.2012 forwarded a list of 5 sick units for inclusion in the Agenda. Details of the said cases are given as under:

(13) M/S Kashmir Plastic Industries, I/E Barzallah, Budgam (SBI, B/O Barzallah)

Brief description of the case	Comments of the Bank concerned, if any
<ul style="list-style-type: none"> • M/S Kashmir Plastic Industries formally registered under No. 242/1/8/plastic/63 dated 6.1963 for manufacturing of polythene bags/items. • The unit is accommodated in Government shed allotted by the Department. • The unit has been established by the promoter with its own capital by spending the amount for purchase of full component of plant and machinery. • Total requirement of the unit to meet out the working capital was assessed to the tune of Rs.1.50 Lacs per month. • SBI Branch Barzallah in 1965 sanctioned only Rs.0.50 Lacs later on enhanced to Rs.0.80 Lacs for meeting the working capital requirement. • The amount of W.C. was found inadequate and the unit has not achieved even the 10% of the installed production. The production losses caused symptoms of sickness. • The issue was taken up with SBI for fresh working capital on 50% utilization basis to the tune of Rs.2.11 Lacs for 3 months in the year 1978. SBI not agreeing the proposal was of the view that out of 21 machines 19 are surplus and the requirement of working capital will be of Rs.0.80 Lacs. • The Deptt. of Industries, SISI were of unanimous opinion that these machines can run profitably if the adequate working capital requirement will be provided to the unit, but SBI never compromised on this issue. • Finally the unit was identified as sick by General Manager, DIC Budgam and Rehabilitation Revival Plan prepared by the Gegal Eng. Consultants wherein the details of Rehabilitation programme has been chalked out. As per revival plan the requirement for soft loan is Rs.12.00 Lacs. • Issue again taken up with SBI in July 2008 for providing commitment letter for additional finance, who have sought joint inspection of the 	<p>Comments of SBI awaited</p>

Agenda for first meeting of Sub-Committee of SLIC

unit by their Regional Office to assess economic viability mandatory for financing the unit.	
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(14) M/S Asian Industries, I.E. Shaltang, Srinagar. (J&K Bank B/U Zainakote)

Description of the case	Comments of the Bank concerned, if any
<ul style="list-style-type: none"> • The unit was financed by SFC and J&K Bank B/O Zainakote by way of term loan and working capital respectively. • The requisition of working capital to the unit at initial phase was upto to tune of Rs.4.50 Lacs and in spite of it the bank sanctioned only Rs.1.25 Lacs in 2002, which was not sufficient for the unit, resulting in continuous losses. • On approaching DIC Srinagar the unit was inspected and finally identified as sick vide letter DICS/RSU-MISC/1216-17 dated 29.09.2003 and unit holder advised to submit rehabilitation plan and banks commitment letter. • J&K Bank vide its letter No.ZKt-2008-07 dated 11th September, 2008 committed for providing the financial assistance for running (revival) of the sick unit and vide another letter dated 11.06.2009 approached the SFC for taking over of the principal balance of term loan and verbally advised the unit holder to restart his unit and renew his CC account, which was NPA at that time. The unit holder arranged the amount from friends and upgraded and renewed the CC limit of Rs.3.00 lakhs in 2009 and restarted the production upto 10 percent in order to save the machinery from rust. • That on availing of Rs.1.10 lakhs the bank authorities have frozen the account and did not allow the unit holder to enjoy the sanctioned limit which caused heavy losses to the unit and its business. Unit holder was advised to rehabilitate the unit first as per Govt. order No. Ind.47. • The unit holder approached the branch so many times but ultimately recently the Branch Manager, B/O Zainakote unlawfully adjusted the outstanding balance from the guarantor inspite of adopting the rehabilitation and revival policy of the bank without informing the unit holder, 	<p>As reported by the branch concerned the account was adjusted in March 2012 and no proposal is lying with the branch.</p>

(15) M/S Omer Enterprises, I.E. Khonmoh, Srinagar (J&K Bank B/O Khonmoh)

Description of the case	Comments of the Bank concerned, if any
<p>The case stands approved in the SLRC vide No. DI&C/RSU/K/2008/792/460-68 dated 17.10.2008, in which the case was rehabilitated and the account with J&K Bank was settled on NPA balance of Rs.11.00 Lacs. However, when the unit holder approached the bank for the rehabilitation of the unit, they simply turned down his request on the pretext of calculating the unapplied interest. However all the formalities were complete, but due to negative attitude of bank the case is still pending in cold store.</p>	<p>Party has requested for OTS</p>

Agenda for first meeting of Sub-Committee of SLIIC

The bank instead pursued for the recovery of dues from the unit holder and after a lot of persuasion and hard work the unit holder applied for rehabilitation, which was again turned down.	
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(16) M/S Alkabar Fleshy Food Products, Srinagar (SBI, B/O Residency Road, Sgr.)

Description of the case	Comments of the Bank concerned, if any
<ul style="list-style-type: none"> • The applicant was running the unit at I.E. Khonmoh. • After registration by DIC Srinagar the case was sponsored to SBI, Residency Road, Srinagar for providing working capital facility to the tune of Rs.62.60 Lacs. • The bank has sanctioned a facility to the extent of Rs.14.00 Lacs only on testing lab and DG Set but not working capital. • The unit is praying for working capital facility. 	Comments of SBI awaited

(17) M/S Kashmir Mineral water Ajas, Bandipora (J&K Bank, B/O Ajas)

Description of the case	Comments of the Bank concerned, if any
<ul style="list-style-type: none"> • The unit is registered with DIC Baramulla under Regd. No. 070201764 dated 10.08.2006. • The unit has availed financial assistance to the tune of Rs.44.00 Lacs from J&K Bank B/O Ajas Bandipora, which has been properly utilized for establishment of the unit. • The unit has repaid loan component to the extent of Rs.30.00 Lacs together with interest. The unit has been declared NPA because of non-repayment of further loan components. • The unit is established in the industrially backward area, for which it faced certain bottlenecks. • The unit has suffered business losses during the land-row agitation followed by Kashmir-bandh programme. • The unit holder has sought rehabilitation/ revival of the unit. 	Party has requested for OTS through FCIK

The forum is requested to deliberate the issue.

Agenda Item No: 02

Reconciliation of Sick MSME Units of banks with the Directorate of Industries & Commerce, J&K Government.

In the 17th meeting of Empowered Committee on MSMEs held on 22.12.2011 it was decided that the sub-committee of the SLIIC will ensure the reconciliation of the list of all the sick units of J&K Bank, JK SFC and other banks who had still not reconciled and report the position in the next meeting. The exercise be done with the help of SLBC/ Lead District Managers

Agenda for first meeting of Sub-Committee of SLIIC

Accordingly, the issue was taken up with J&K Bank, SBI, PNB, JK SFC & SIDCO and other concerned banks requesting them to furnish the latest status with regard to reconciliation of the list of Sick Units of MSMEs with the Directorate of Industries, for enabling J&K SLBC Secretariat to include the issues in the meeting of Sub-Com of SLIIC. But till date only J&K Bank and J&K SFC, Srinagar have responded as under:

J&K Bank

“We have reconciled the list of Sick units submitted by Industries Department with our bank’s list and it was observed that only 12 units are matching with the said list. The information stands already submitted to RBI Jammu office”.

The list of the said 12 sick units is enclosed as Annexure-A for information of the members.

J&K State Financial Corporation

“During reconciliation of sick units with the Industries Department it was revealed that in Kashmir Division two units namely M/S Ashiyana Spices Mattan, Anantnag and M/S Kaiser Oil Mills, Lethpora have not been financed by the Corporation. In Jammu Division there were two units which were financed by the Corporation but not provided in the list namely M/S Swaran Stone Crusher & M/S Sanban Plastic.

In addition to this, it was also revealed that four units in Jammu Division as shown in the list, were also not financed by the Corporation namely M/S Kashmir Oil Mills, M/S Ishan Oil Mills, M/W Rajinder Brick Kiln and M/S Sigva Service Station”

Punjab National Bank

“PNB has stated that the accounts reported upto now as sick were actually not sick in strict terms of definition. These fall in the Govt. Sponsored category and other direct loans given by the branches which upto now were clubbed and reported as sick in the aforesaid statement.

There is only one account in their Circle which falls in the sick unit category wherein rehabilitation study was conducted and rehabilitation package was implemented”.

All other banks, viz. State Bank of India, Bank of India, Indian Overseas Bank, Dena Bank and HDFC Bank, have been advised to provide information regarding reconciliation of sick MSMEs units of their banks with Directorate of Industries & Commerce. However, none of them have responded so far.

The forum is requested to deliberate the issues.

Agenda Item No. 03

Mapping of MSME units / Assessing extent of financial exclusion in MSME Sector

In the 17th meeting of Empowered Committee on MSMEs held on 22.12.2011, SLBC was asked to prepare census/ mapping of MSME units and also assess the extent of financial exclusion in the sector on the lines of SLBCs of some other States. The Convenor SLBC had requested the associations to pool their data for the purpose.

Agenda for first meeting of Sub-Committee of SLIC

In this regard all the representative organizations of Trade & Industry were requested to provide the basic data to SLBC for enabling consolidation of State-level data about the MSMEs units. But no such data has been provided to SLBC so far. However, President, FCIK vide letter dated 18.4.2012 had desired to discuss the matter.

The forum is requested to deliberate the issues.