

**Sub-Committee of State Level Inter Institutional Committee(SLIIC)-  
Constitution & Purpose**

In order to effectively monitor the timely rehabilitation and restructuring of Sick Micro, Small and Medium Enterprises (MSME) the Empowered Committee (EC) of RBI on MSMEs/SLIIC in its 17<sup>th</sup> meeting held on 22<sup>nd</sup> December, 2011 at Conference Hall, RBI, Jammu 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 Department, J&K Government with Director, Industries, Kashmir & Jammu, Controllers of SBI, PNB, JKBL, concerned banks whose cases will be discussed, JKSFCC, JKSIDCO (in case their cases are being discussed) and the individual unit holders through the concerned Association” as its members. It was stipulated that Sub-Committee of SLIIC would meet once in a quarter preferably 15 days before the Empowered Committee (EC) meeting so that the outcome of Sub-Committee of SLIIC could be placed before Empowered Committee for deliberations. The EC also decided that the meetings of the Sub-Committee of SLIIC shall be convened by Convenor SLBC.

In pursuance to the decisions taken in the said Empowered Committee the Commissioner/Secretary, Industries & Commerce Department, J&K Government has nominated Director, Industries & Commerce, Kashmir as the chairman of the Sub-Committee of SLIIC.

The Sub-Committee, since its constitution, has met four times and last meeting was held on 8<sup>th</sup> February 2014 at J&K Bank, Corporate Headquarters Srinagar.

**Agenda Item No: 01**

**Individual Sick MSMEs units in J&K State:**

- (1) M/S Alkibir Fleshy Food Products, I.E. Khanmoh, Srinagar  
(SBI, B/O Residency Road, Sgr.)**

In the backdrop of deliberations of the 21<sup>st</sup> meeting of Empowered Committee on MSMEs held on 27.12.2012 at Reserve Bank of India, R.O. Jammu, the case of M/S Al-kibir Fleshy Food Products, Srinagar, was forwarded by RBI, R.O. Jammu vide their letter bearing RPCD (JMU) No.254/03.01.24/2012-13 dated January 14, 2013, for being discussed in the meeting of the Sub-Committee of SLIIC to settle the issue.

Brief description of the case is given below:

Brief description of the case	Action Taken
<ul style="list-style-type: none"> <li>• As per the documents of the case, the unit was operating at I.E. Khonmoh.</li> <li>• In 2009, 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.</li> <li>• The bank has sanctioned a loan facility to the extent of Rs.14.00 Lacs only on testing lab and DG Set but not working capital.</li> <li>• The unit is praying for working capital facility.</li> </ul>	<p><b>First Joint Inspection of the case-26.3.2013:</b> In terms of Ind. &amp; Com. Deptt. (Kashmir) communication dated 12.3.2013, a joint inspection of the unit was got conducted by a team comprised of representatives from Industries Department, Convenor SLBC, representative bodies of Trade &amp; Industries, viz. FCIK, KCC, and the financing Bank, on 26.3.2013.</p> <p><b>Second Joint Inspection of the case-16.8.2013:</b> Second Joint inspection of the unit was conducted by a team comprised of the representatives from Industries Department, Convenor SLBC, DIC, FCIK, KCCI and SBI on 16.8.2013</p> <p>Despite the unit considered viable by the inspection teams the SBI rejected to consider rehabilitation of unit by way of giving additional funds but wanted to settle the case only under OTS Scheme.</p>

Findings of the joint inspection, received from Industries & Commerce, revealed that the unit has not been properly financed and due to paucity of sufficient working capital the unit is suffering unnecessarily for which the whole onus lies with the financing bank. The report was discussed in all the previous meetings of Sub-Committee of SLIIC and every time it was decided that SBI will consider the case seriously and come out with proper strategy to settle the case.

Despite being impressed upon by the Empowered Committee and Sub-Committee of SLIIC, State Bank of India has remained adamant and categorically rejected to re-consider any kind of rehabilitation proposal by way of pumping additional funds to the unit and made clear its stand to settle the case only under **OTS Scheme**.

**Latest Status**

The Suit was filed in civil court on 25<sup>th</sup> September 2013. The case was also put to Lok Adalat on 23<sup>rd</sup> November 2013. SBI has given an offer to the borrower on 19<sup>th</sup> March 2014 for compromise but response is still awaited. Further the case was heard in the court of law on 1<sup>st</sup> April 2014 where the defendant has not attended. The next date of hearing was fixed for 15<sup>th</sup> May 2014 for filling of written statement by the borrower. Due to the preoccupations of the Judge the case was adjourned to 27<sup>th</sup> July 2014.

**The forum is requested to deliberate the issue and make necessary recommendations regarding settlement of the issue.**

**(2) M/S Global Electronic Industries, Rangreth (Financed by J&K Bank)**

Sub-Committee of SLIIC in its 2<sup>nd</sup> meeting held on 16.05.2013 decided that “instead of considering M/S Global Electronic Industries for rehabilitation, J&K Bank should initiate process for final settlement of the case. The representative of FCIK had informed the forum that the borrower concerned has approached them for OTS, in response to which the Vice President (A&AP) J&K Bank had stated that “if the borrower approaches the bank for OTS, the same will be considered on merits”.

The issue also came up for discussions in the previous meeting of Sub-Committee of SLIIC held on 8<sup>th</sup> February 2014 wherein the representative of FCIK and KCCI while appreciating the role of J&K Bank for giving honorable exit to some borrowers by settling their cases through OTS Scheme, informed that the borrower is in the process of settling the case through OTS Scheme but required some time for the same.

The J&K Bank, as per their latest communiqué on the issue, has informed that promoter is not cooperating with the bank for reasonable OTS which is the sheer violation of the Commitments it has made earlier. It was also informed that breach of commitments has forced the bank to initiate recovery of dues against the borrower.

**The representative of J&K Bank may inform the latest status regarding settlement of the case.**

**The representatives of Trade & Industry may also give their view point on the issue**

**The forum may deliberate the issue.**

**(3) M/S Melody Cones, I. E Shalteng Srinagar (Financed by UCO Bank Branch Zainakote Sgr.)**

The case of the M/S Melody Cones, I. E Shalteng Srinagar (Financed by UCO Bank Branch Zainakote Sgr.) was forwarded by Directorate of Industries & Commerce Kashmir vide their letter No. DI&C/Rs4-SLIIC/139 dated 01.02.2014 and was discussed in the previous meeting of Sub-Committee of SLIIC Held on 8<sup>th</sup> February 2014

**Brief description of the case is given below:**

- As per the documents of the case, the unit was operating at I.E. Shalteng.
- The line of activity was manufacturing of Ice Cream and Cones
- The Unit stands registered with DIC Srinagar on 25.9.2006.

- UCO Bank Zainakote Branch has sanctioned a loan facility to the extent of ₹ 25.00 Lacs (TL= ₹10 lac & WC= ₹15 lac) against Project Cost of ₹ 75.00 lacs in the year 2006.
- The unit is closed for the last three years and has been declared sick.
- The unit is now praying for NDC or commitment letter for sanction of fresh loan by UCO Bank for its revival/rehabilitation.

The representatives of FCIK/KCCI, in the previous meeting of Sub-Committee of SLIIC, informed the forum that borrower has gone for OTS of the case but the settlement amount was deposited with the bank after one year of the settlement date and the bank is now demanding one year's interest for the belated period. The application for waiver off one year interest in favour of the borrower has already been moved to bank authorities by FCIK.

The Chairman advised the representative of UCO Bank to consider the request of unit holder favorably for waiver of one year interest for final settlement of the case.

**The representative of UCO Bank may inform the forum about the action taken viz-a-viz decision taken in the previous Sub-Committee of SLIIC.**

**(4) M/S EFF EMM Products, I. E Chatapora District Pulwama (Financed by J&K Bank, B/ U. Pulwama)**

The General Manager, DIC, Pulwama has reported that the unit holder has suffered losses due to the hostile conditions in the valley which is ultimate cause of unit turning sick.

The unit is collaterally secured by mortgage of land (measuring 32 Marlas) & building along with the guarantee of two Government Employees. The unit holder has requested that the two Government employees may be absolved from recovery of dues from their salaries as sufficient immovable property is available as mortgage to the bank.

The issue came up for discussions in the previous meeting of Sub-Committee of SLIIC wherein representative of J&K Bank was advised to look into the matter for finding out an amicable solution.

As per the communiqué dated 24<sup>th</sup> March 2014 received from J&K Bank, the business unit concerned of the Bank has tried to contact the proprietor of **M/S EFF EMM Products** for regularization / settlement/ rehabilitation of the account but no response has been received from him.

The representative of J&K Bank may apprise the forum the action taken in the matter.

**Forum may deliberate the issue.**

**Agenda Item No: 02**

**Position of Sick Units, Viability Studies and implementation of rehabilitation of Sick units**

SLBC Secretariat has asked for data in this regard from individual banks operating in the state but till date only 13 banks, including three major banks i. e J&K bank, SBI and PNB, have submitted the date.

As on 31<sup>st</sup> March 2014, out of 1,93,774 units (involving an amount of ₹7,134.21 Crore) financed, the banks have identified 383 units (involving an amount of ₹47.75 Crore) as sick. Out of the total 383 units which have been declared sick by the below mentioned banks, 78 units have been declared viable and fit for rehabilitation, 274 units as non-viable and viability of 31 units is yet to be declared.

**Position as on 31<sup>st</sup> March 2014**

**(Amt. in Crores of ₹)**

S. No	Name of the Bank	Total No. of MSME Units Financed		Out of (I) MSME units declared Sick		Out of (II) units declared Viable	Out of (II) units declared Non-Viable	Out of (II) viability of units yet to be declared	Out of (III) units put under nursing
		A/C	Amt.	A/C	Amt.	A/C	A/C	A/C	A/C
		(I)		(II)		(III)	(IV)	(V)	(VI)
1	JK Bank	151784	5634.07	292	41.82	65	199	28	9
2	SBI	27485	1124.44	12	0.64	NIL	12	NIL	NIL
3	PNB	9823	210.75	7	0.30	NIL	7	NIL	NIL
4	Dena	155	2.57	11	0.15	NIL	11	NIL	NIL
5	CBI	946	68.71	16	3.17	13	NIL	3	NIL
6	BOI	460	17.44	45	1.67	NIL	45	NIL	NIL
7	BOB	64	4.59	NIL	NIL	NIL	NIL	NIL	NIL
8	ICICI	378	59.97	NIL	NIL	NIL	NIL	NIL	NIL
9	Yes Bank	29	0.67	NIL	NIL	NIL	NIL	NIL	NIL
10	J&K SFC	7	2.35	NIL	NIL	NIL	NIL	NIL	NIL
11	BCC	2643	8.65	NIL	NIL	NIL	NIL	NIL	NIL
12	IDBI Bank	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
13	EDB	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total</b>		<b>193774</b>	<b>7134.21</b>	<b>383</b>	<b>47.75</b>	<b>78</b>	<b>274</b>	<b>31</b>	<b>9</b>

### **J&K Bank**

As on 31<sup>st</sup> March 2014, J&K Bank has financed 1,51,784 MSME units in J&K State involving an amount of ₹5,634.07 Crore. The Bank has declared 292 units (₹41.82 Crore) as sick out of which 65 units have been declared viable, 199 as non-viable and the viability of remaining 28 units is yet to be determined by the bank. The bank has put 9 units under nursing out of the 65 units which have been declared viable.

### **State Bank of India**

State Bank of India has financed 27,485 MSME units in J&K State involving an amount of ₹1,124.44 Crore. The Bank has declared 12 units (₹0.64 Crore) as sick and non-viable as on 31<sup>st</sup> March 2014.

### **Punjab National Bank**

Punjab National Bank has total exposure of ₹210.75 Crore spread over 9,823 MSME units as on 31<sup>st</sup> March 2014. The Bank has declared 7 units (₹0.30 Crore) as sick and non-viable.

### **Dena Bank**

Dena Bank has financed 155 units with exposure of ₹2.57 Crore. As on 31<sup>st</sup> March 2014, bank has declared 11 units (₹ 0.15 Crore) as sick and non-viable.

### **Central Bank of India**

Central Bank of India has financed 946 units with total exposure of ₹68.71 Crore. As on 31<sup>st</sup> March 2014 bank has declared 16 units (₹ 3.17 Crore) as sick out of which 13 have been declared viable and the viability of the 3 units is yet to be decided.

### **Bank of India**

Bank of India has total exposure of ₹17.44 Crore spread over 460 MSME units as on 31<sup>st</sup> March 2014. The Bank has declared 45 units (₹1.67 Crore) as sick and non-viable.

### **Indian Overseas Bank**

IOB has not submitted the data in respect of the Sick MSME units it holds, despite repeated requests.

Other Banks given in the table above have not declared any of their MSME Units as sick as on 31<sup>st</sup> March 2014.

**Agenda Item No: 03**

**Reconciliation of Sick MSMEs Units in J&K State:**

Chairman of the meeting (Director, Industries & Commerce Department -Kashmir) in the first meeting of the Sub-Committee of SLIC held on 3<sup>rd</sup> August 2012, informed the forum that Government of J&K has already constituted a Committee for the purpose of revival and rehabilitation of sick MSMEs units and the said Committee has prepared a list of 175 potentially viable sick MSMEs units that could be rehabilitated, which comprise of the following categories:

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

SLBC Secretariat has sought a fresh list of the sick but potentially viable MSME units from Directorate of Industries & Commerce Kashmir/ Jammu and in response they have submitted the list of sick MSME units in their respective domains which have been cleared by the Sub-Committee formed by the Government, for rehabilitation/ revival.

**Sick but potentially viable MSME units which have been cleared by the Sub-Committee for rehabilitation/ revival**

Kashmir Region	.....	68
Jammu Region	.....	<u>03</u>
Total	.....	<u>71</u>

**The list is enclosed herewith for the perusal of the members of the Sub-Committee.**

The issue of reconciliation of Sick MSMEs Units is being discussed in every meeting of Sub-Committee of SLIC. The decisions of the previous meeting on the subject matter are summarized below:

- Banks should ensure time-bound resolution of the identified sick MSME cases pertaining to them, so that these cases are settled once for all.
- The representative organizations of Trade & Industry to extend necessary cooperation to the concerned banks in this regard by pursuing the concerned borrowers to approach their respective financing banks for settlement of their cases.

- The forum approved the constitution a Sub-Committee under the name and title “**Facilitation Committee on rehabilitation of Sick MSME units**” under the Convenorship of Joint Director/Addl. Director, Industries & Commerce Department (Kashmir) with members from JK Bank, SBI, PNB, UCO bank, J&K State Cooperative Bank, J&K SFC, FCIK and KCCI. The Committee shall meet every fortnight to draw a roadmap for rehabilitation of Sick Industrial Units and report the outcome to J&K SLBC.

**Action Taken Report on the Subject Matter Submitted by the Banks:**

**J&K Bank**

J&K Bank have informed that they shall make disposal of the rehabilitation cases in a time-bound manner, only after receiving proper & viable proposal from the concerned borrowers. The Bank has already constituted Committees at all the Zonal Office levels to ensure time bound disposal of rehabilitation proposals of MSEs. In this regard letter has been sent to FCIK on 19.11.2013 and a copy to Director, Industries and Commerce (K) to furnish list of units out of the identified sick units who have submitted rehabilitation proposal to the bank for reconciliation. The list has not been received by J&K Bank form FCIK/ Directorate of I&C till date.

**State Bank of India**

State Bank of India has informed that the bank has declared 12 MSME units as sick and none of the identified sick units are viable.

None of the other banks involved in the process have provided any feedback on the issue so far.

**Banks may inform the progress achieved in settlement of the Sick MSME cases pertaining to them.**

**In the light of above, the forum is requested to deliberate the issue.**

**Agenda Item No: 04**

**a) Other issues to be deliberated in the meeting:**

In 2<sup>nd</sup> meeting of the Sub-Committee of SLIC, the representative of FCIK had pointed out that J&K SFC is not issuing NOCs for the last one year in favour of all those parties, who had gone for One-Time Settlement of their loan cases, so that their collateral securities held by J&K SFC are released. He pleaded that J&K SFC should look into the matter immediately.



In this regard a small Committee comprising of the following members was constituted to decide upon the issue once for all:

- 1) Mr. Aijaz Ahmad Bhat, Joint Director, Industries & Commerce (Kashmir);
- 2) Mr. N. A. Bhat, DGM, State Financial Corporation;
- 3) Mr. Mohammad Ashraf Mir, Sr. Vice President, FCIK

In the last meeting of Sub-Committee of SLIIC held on 8<sup>th</sup> February 2014 the representatives of FCIK/KCCI pleaded that J&K SFC should look into the matter and not to make entrepreneurs suffer any more.

After threadbare discussions over the issue the Chairman advised the above mentioned Committee members to sort out the issue within 15 days.

**Concerned members of the Committee may inform the latest status of the issue.**

**The forum is requested to deliberate the issue.**

**b) Huge gap between the cases sponsored to banks, cases sanctioned and cases disbursed by banks**

The issue is being regularly discussed in every meeting of the Sub-Committee of SLIIC & the Chairman always expressing concern over the huge gap between industrial/ MSME cases sponsored by the Government agencies to the banks for grant of credit facilities & the cases sanctioned / cases disbursed by the banks.

So far feedback on the issue has been received only from J&K Bank and SBI .

**J&K Bank**

As per J&K Bank Communiqué dated 24.03.2014, the bank has requested Director Industries & Commerce vide mail dated 26.10.2013 to furnish the list of cases sent by various DICs of Kashmir valley to business units of the bank for financing & are pending for disposal. The bank has received only No. of cases sponsored by DIC vide letter NO. 4063-67 dated 02.11.2013 but without mentioning details regarding name of business unit/office to which the cases were referred so that the bank could make necessary follow up for disposal of the cases on merits & request for the same has been made to Directorate of Industries & Commerce vide mail dated 20.11.2013.

**The Bank & Directorate of I&C may inform latest progress in the matter.**

**State Bank of India**

State Bank of India vide their communiqué dated 03.06.2014 has informed that most of the cases sponsored under MSME were returned due to the following reasons:

- I) Poor quality viz-a-viz technical feasibility and economic viability
- II) Units were already financed by other banks
- III) Proposed units already run by some relatives of the beneficiaries
- IV) Addresses of the beneficiaries not traceable
- V) Beneficiaries do not come to complete formalities within stipulated time.

No other bank has submitted the ATR on the issue

**Other banks may inform the progress on the issue and forum is requested to deliberate on the same.**

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*