

MINUTES OF 6TH MONTHLY SPECIAL MEETING OF
J&K STATE LEVEL BANKERS' COMMITTEE (SLBC) ON MSMEs
HELD ON 20TH OCTOBER 2009

The 6th monthly special meeting of J&K State Level Bankers' Committee (SLBC) on MSMEs was held on October 20, 2009, at S.K.I.C.C., Srinagar to review the progress in implementation of the package of relaxations by the banks in J&K State as at the end of September 2009 and for resolving any impeding issues. The meeting was chaired by Mr. A. K. Mehta, Executive Director/ COO of the J&K Bank (Convenor Bank) and was attended by Senior President, J&K Bank, Addl. Secretary Finance, J&K Government, DGM RPCD, Reserve Bank of India, representatives from various line Departments, senior functionaries of SBI, PNB and other major banks and financial institutions operating in J&K State. President, FCIK and President, KCCI also attended the meeting on behalf of the representative MSMEs organizations. The representative organizations of SMEs from Jammu did not attend despite proper on time notice. The list of participants is enclosed as Annexure-A.

At the outset Mr. M. S. Wani, Vice President, J&K SLBC extended a warm welcome to the participants of the meeting. He appreciated the involvement of Mr. A. K. Mehta, Executive Director/COO and senior functionaries of J&K Government, Reserve Bank of India and representatives of other banks to the cause of development of the State, promotion of productive sector, for resolving the credit issues of MSMEs and extending liberal support for augmenting flow of credit to this sector. Thereafter, Mr. Wani requested the Chairman to take-up the proceedings of the meeting.

Mr. A. K. Mehta, Executive Director/COO, J&K Bank and Chairman of the house extended a formal welcome to all the participants in particular to the newly elected President, Kashmir Chamber of Commerce & Industry, Mr. Nazir Ahmad Dar. Thereafter, heartfelt condolences were paid for the sad and untimely death of Mr. Ram Sahai, who was one of the members of forum and President of Jammu Chamber of Commerce & Industry. On this occasion of remembering the services rendered by him to the industry & commerce, members observed silence for 2 minutes for the peace of departed soul. A resolution was passed that condolence be conveyed to JCCI and the bereaved family. Thereafter the agenda items were taken up for discussion as under:

Agenda Item No: 01

Confirmation of Minutes of the previous Special meeting of J&K SLBC on SMEs:

Since no comments were received from the members, the minutes of the 5th special monthly meeting of J&K SLBC on MSMEs held on 30.07.2009 and circulated vide Ref. No. LBD/Spl.SLBC-MSMEs/2009-241- dated 25.08.2009 were confirmed by house.

Agenda Item No: 02

Action taken on action points of the previous Monthly Special meeting of J&K SLBC on MSMEs:

Mr. Mehta, pointed out that the minutes contained certain action points devolving on Government of J&K with regard to K. C. Chakraborty Working Group Recommendations, in respect of which deliberations had remained inconclusive in the previous (5th) monthly Special SLBC meeting. He therefore, sought progress from the representative of J&K Government, Industries Department in respect of the following:

State Government may be encouraged to provide land at 50% of the normal rate for setting up Industrial Estates exclusively for MSMEs. Further, 50% subsidy may be provided on the capital cost of common facilities like effluent treatment plant, power plant:

Mr. Nazir Ahmad, Joint Director, Industries and Commerce (representing Director Industries & Commerce, (Kashmir) informed that the said proposal has been taken up with the Government of J&K for review, but no decision has been taken by the Govt. so far.

Mr. Shakeel Qalander, President FCIK and Mr. Nazir Ahmad Dar, President, Kashmir Chamber of Commerce & Industry, expressed serious concern that the Principal Secretary, Industries & Commerce being a member of this forum, has never attended any of these meeting and has not been taking interest for resolving the problems faced by this sensitive sector although the State Government is the major stakeholder and must be must be represented appropriately in these meetings. They strongly pleaded that their hurt feelings for the non-participation and non-involvement of the Principal Secretary (Industries & Commerce) be conveyed to the Government so that the Government is represented in these meetings henceforth at a fairly senior level and involvement and keenness of the Government to resolve issues is ensured.

(Action: J&K Govt.)

Mr. Nazir Ahmad Dar, President, KCCI, joining the deliberations on the issue pointed out that the Government has given the commitment to provide land at the subsidized rates and desired that government should keep that commitment at least till the Policy is in operation.

Mr. M. A. Siddiqi, Addl. Secretary Finance, J&K Govt., stated that this is one of the recommendations of the Chakraborty Working Group, which are a part of the deliberations of SLBC, so Finance Department will take up the issue with the Government and have it resolved.

Mr. Shakeel Qalander pointed out that Chakraborty Working Group has recommended that land should be provided at 50% subsidized rates, but the State Government has instead increased the premium rates ignoring the commitments in the Industrial Policy of 2004. Hence, the industrial community wants restoration of premium as per that policy. He further stated that despite discussing the issue in earlier meetings of this forum the rates of premium for land have not been reverted to its original. Expressing concern that the withdrawal of such incentives had shaken the faith and confidence of the Industrial community he urged upon the Government to revert back to its original industrial policy and the rates that have been envisaged therein.

(Action: J&K Govt.)

Each State Government may also have a separate Ministry for MSMEs. In addition the State Governments may also have long term and short term policy for development/ promotion of MSMEs sector:

On being asked to report progress on the issue, the Joint Director, Industries & Commerce Department stated that no formal communication in the matter had been received from the Finance Department, J&K Government, So far. He stated that nomenclature of Industries & Commerce Department has to be changed to Ministry of MSMEs.

Reacting to this the Additional Secretary Finance pointed out that this is not the issue of Finance Department, but it has been deliberated upon in several SLBC meetings.

The Chairman, FCIK, pointed out that under MSMEs Act the SSI sector had been renamed as MSMEs sector as it now involved micro, small and medium enterprises and both manufacturing as well as services units have been incorporated under it, so the Industries Department need not only to change the nomenclature but would also need to incorporate Services sector in it and grant them registration as well as all other incentives that are available to it in terms of MSME Act.

Summing up deliberations on the issue the Chairman expressed concern that the issue has been deliberated upon in several meetings of this forum without any resolution. He advised that in the next meeting the representative of Industries & Commerce Department must report compliance on the issue.

(Action: Ind. & Com. Deptt, J&K Govt.)

Revival of sick industrial units:

The representative of Industries Department pointed out that they had sent 50 cases for revival over the past 5 -6 years against which 30 cases have been provided Soft Loans for revival purposes involving an amount of Rs.3.68 Crores.

Reacting to this, the President KCCI pointed out that banks were supposed to take lead in rehabilitation/ revival of sick industrial units, but there are a number of cases which are viable and have been recommended by the State Government, but are pending with various banks including with the J&K Bank for the last 2 years. He desired that pursuant to the Working Group recommendations the banks should have taken up these cases for revival.

Reacting to this Mr. Parvez Ahmad, President, J&K Bank stated that the Bank has considered all the genuine proposals for revival/ rehabilitation. He further stated that if there are any other units that have the potential for revival and the bank is convinced from the entrepreneur's side that there is chance of viability, such cases would be considered.

Agenda Item No: 03

Review of data / position relating to implementation of IBA package on MSMEs, Housing & Auto sectors as at end of September 2009:

Apprising the members of the progress on implementation of IBA package on MSMEs as of September 2009, the Chairman stated that the banks operating in the State have so far restructured 4431 MSMEs accounts involving an amount of Rs.235.96 Crore and extended fresh working capital loans to the extent of Rs.492.41 Crores in favour of 8353 beneficiaries and incremental working capital loans amounting to Rs.242.63 Crores in favour of 1853 units. The house was informed that under the said package banks have provided Soft Loans for purchase of D. G. Sets to the tune of Rs.2.81 Crore in favour of the 55 entrepreneurs. Besides, Housing Loans to the tune of Rs.349.08 Crore in favour of 12584 beneficiaries and Auto loans to the tune of Rs.248.29 Crore in favour of 8628 beneficiaries have been sanctioned by the banks during the said period.

Regarding bank-wise achievements, the Chairman stated that J&K Bank alone has restructured 3291 accounts involving an amount of Rs.125.39 Crore, followed by SBI having restructured 769 MSMEs accounts involving Rs.53.57 Crore and PNB having restructured 202 MSMEs accounts involving an amount of Rs.53.90 Crore, whereas performance of rest of the banks has been negligible.

Mr. Nazir Ahmad Dar, President, KCCI, desired that in the next meeting district-wise position of the data should be made available, so as to know the details regarding each district of the State like Credit Deposit

Ratio, flow of credit to MSMEs sector etc. and also know where we are lacking. He pointed out that there are peculiar problems faced in other districts, which usually do not get resolved.

Reacting to it, Mr. M. S. Wani, Vice President, Lead Bank/ J&K SLBC clarified that this is the State Level forum and the review is being conducted for the State as a whole and the templates for review have also been prescribed by Government of India.

Mr. Nazir Ahmad Dar, President, KCCI, reiterating the demand put up by KCCI in one of the previous meetings pleaded for extending the facility of inventory financing to the entrepreneurs in J&K as they have to retain the stocks for longer periods. He requested RBI for an early action in the matter.

Responding to the request of President, KCCI, the DGM, Reserve Bank of India desired to have details of the issue, so that the same is got examined and the status informed to the house in the next meeting. The President, KCCI agreed to provide the details to RBI.

(Action: KCCI / RBI)

Emphasizing that Gol takes cognizance of the communications from State Government as well as the SLBC, the President, FCIK again requested the house to recommend to Reserve Bank of India and Gol, Ministry of MSMEs for grant of extension in the date of application for restructuring of MSMEs accounts upto the end of the CFY.

Reacting to this Mr. U.C.Loham, DGM, RBI stated that the earlier representation of FCIK for grant of extension in the date of application for restructuring of MSMEs accounts received by the RBI had already been forwarded to their Central Office and as informed, the same has been forwarded by RBI Central Office to Government of India. He assured that the issue will be taken up with Central Office and the status reported in the next meeting.

The Vice President, J&K SLBC observed that extension in restructuring should not be asked for again and again and there has to be a dead-end to this otherwise this will give rise to impaired assets, responding to which the President, FCIK stated that 31st March 2010 should be taken as the dead-end for the purpose.

The President, J&K Bank clarified that who ever has approached J&K Bank for restructuring of account, the banks has passed on the concession as per merits of the case. Regarding the instant Gol package, he clarified that it permitted second restructuring but that concession was available upto 30th June 2009 only which J&K Bank has already complied with.

After threadbare deliberations, it was resolved that the demand of the representatives of MSMEs Organizations for grant of extension in the date of receipt of applications for restructuring of MSMEs accounts upto the end of current financial year shall be again taken up with the Reserve Bank of India for recommending the same to Gol for consideration.

(Action: Convenor Bank/ Reserve Bank of India)

Other issues:

Collateral free loans upto Rs.5.00 lakh

The President, FCIK expressing concern that the concession regarding grant of collateral free loan to the extent of Rs.5.00 lacs was mandatory on all banks but this was not being implemented in J&K, sought response from the representatives of banks present in the meeting.

Reacting to this the President, J&K Bank clarified that J&K Bank has already issued instructions in this regard to its operating levels. He however, assured that in case these instructions are not being complied with anywhere, those particular instances should be brought into notice of the bank, so that action is taken and the issues are resolved.

The DGM, RBI as well as Additional Secretary Finance, J&K Govt. assured that almost all the banks operating in the State have issued necessary directives to their respective operational levels but stressed the need to monitor its compliance in the SLBC at regular intervals in order to ensure its compliance.

Closure of bank branches during turmoil in Valley – interest relief to borrowers:

The President, KCCI pointed out that some bank branches had been closed in many parts of the State due to militancy from 1990 to 2000 debarring the loanees of such branches from depositing their regular instalments in the accounts. He pleaded that such loanees be granted relief in interest for the period these branches remained away from their original places, as these loanees were forced to deposit their money with other banks in absence of the lending branches. He requested that since the issue pertains to MSMEs sector, the house should consider this issue for redressal

Responding to this, the DGM, RBI clarified that this issue has been left with the banks to decide and the RBI will not have any objection to the decision of the banks. He advised that such instances need to be taken up with the concerned banks for consideration.

Concluding the deliberations, the Chairman thanked the participants for attending the meeting and assured that all necessary measures will be taken to help the industries sector in the State.

Vice President
Lead Bank/ J&K SLBC

ANNEXURE-A

LIST OF PARTICIPANTS OF THE 6TH SPECIAL MONTHLY MEETING OF
J&K SLBC ON MSMES HELD ON 20TH OCTOBER 2009 AT SRINAGAR

<u>S.No.</u>	<u>Name of Participant</u> ...	<u>Designation / Department</u>
<u>Chairman</u>		
1.	Mr. A. K. Mehta	... Executive Director/COO, J&K Bank (Convenor Bank)
<u>Reserve Bank of India</u>		
2.	Mr. U. C. Loham	... Deputy General Manager
3.	Mr. B. S. Katoch	... Assistant General Manager
<u>Government of J&K</u>		
4.	Mr. Mushtaq Siddiqi	... Addl. Secretary, Finance Department, J&K Govt.
5.	Mr. Nazir Ahmad	... Joint Director, Industries Kashmir (M&P)
6.	Mr. Muneer A. Raja	... General Manager (Finance), SIDCP
<u>J&K SLBC Convenor Bank (J&K Bank)</u>		
7.	Mr. Ajit Singh	... Senior President
8.	Mr. Parvez Ahmad	... President
9.	Mr. Abdul Rouf	... Vice President, J&K Bank
10.	Mr. M. S. Wani	... Vice-President, Lead Bank/J&K SLBC
<u>Other Banks/ RRBS</u>		
11.	Mr. K. K. Iyer	... DGM, State Bank of India
12.	Mr. Md. Latif Mir	... AGM, Punjab National Bank
13.	Mr. G. C. Nagar	... Regional Manager, Central Bank of India
14.	Mr. A. A. Allaqaband	... AGM, UCO Bank
15.	Mr. Raja Abdul Latif	... Chairman, J&K Grameen Bank
16.	Mr. S. A. Qureshi	... Area Manager, Ellaquai Dehati Bank
<u>Lead District Managers</u>		
17.	Mr. Ashok K. Koul	... Chief Manager, Lead Bank, State Bank of India (J)
18.	Mr. Basant Ram	... LDM, Kargil, State Bank of India
19.	Mr. S. K. Gadoo	... LDM, Udhampur, State Bank of India
20.	Mr. R. L. Waza	... LDM, Doda, State Bank of India
<u>Representative Organisations of MSMEs, Trade & Industry</u>		
21.	Mr. Shakeel Qalander	... President, FCIK
22.	Mr. Nazir Ahmad Dar	... President, KCC&I

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