

MINUTES OF 8TH SPECIAL MONTHLY MEETING OF J&K SLBC ON MSMEs SECTOR HELD ON 20TH MAY 2010 AT SRINAGAR

Holding of monthly special SLBC meetings on MSMEs sector in a series have been prescribed under the directive of Government of India, Ministry of Finance, Department of Financial Services to oversee and monitor the implementation of package and other measures dealing with the impact of tight financial situation under global recessionary tendencies on Indian economy. The 8th special monthly meeting of J&K State-Level Bankers' Committee (SLBC) on MSMEs was held on May 20, 2010, at SKICC, Srinagar to review the progress as at the end of April 2010 in implementation of the package of relaxations by the banks in J&K State for augmenting flow of credit and for resolving any impeding issues. The meeting was chaired by Mr. A. K. Mehta, Executive Director/ COO of the J&K Bank (Convenors of J&K SLBC) and was attended by Senior President, J&K Bank, Special Secretary (J&K Govt. Finance Department), DGM RPCD RBI Jammu, representatives from various line departments, senior functionaries of SBI, PNB and other major banks and financial institutions operating in J&K State. Leaders of representative organizations of industry and trade viz. President, Federation Chamber of Industries Kashmir (FCIK), President, JCC&I and a representative of KCCI also attended the meeting. The list of participants is enclosed as **Annexure-A**.

At the outset Mr. M. S. Wani, Vice President, J&K Bank (LBD/ Convenors of J&K SLBC) extended a warm welcome to the participants of the meeting. He reiterated that the objective of holding the Special Monthly meetings is to oversee and monitor that credit continues to flow to the productive sectors of economy and to review on regular periodical intervals the relevance and efficacy of the measures taken. In doing so, 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 and institutions for sincerely implementing the package of extending liberal support for promotion of productive sectors by augmenting flow of credit and resolving the credit related issues of MSMEs. Mr. Wani informed the house that during the course of reviewing the credit delivery to MSMEs sector in 79th meeting of main SLBC (held in the morning on the same venue and date) on observing that holding of special monthly SLBC meetings on MSMEs had served its objective since the global recessionary trend had receded, growth process had normalized, productive activities in MSMEs sector had resumed and stabilized and economy was back on track; moreover the position was also being overseen, monitored and reviewed in various fora on regular intervals by SLBC and Empowered Committee of RBI and **recommendation was made to Government of India that monthly special meetings were no more required and should be discontinued**. Thereafter, Mr. Wani requested the Chairman to take-up the proceedings of the meeting as per the agenda.

The Chairman, Mr. A. K. Mehta extended a formal welcome to the participants and thereafter took up the agenda items for deliberation as under:

Agenda Item No: 01

Confirmation of Minutes of the 7th special monthly meeting of J&K SLBC on SMEs:

The Chairman stated that no amendments/ comments had been received from any of the members regarding the minutes of the 7th special monthly meeting of J&K SLBC on MSMEs held on 11.01.2010 which were web cast on www.jkslbc.com and also circulated vide SLBC office No. LBD/7th Spl. SLBC MSMEs/2010-512 dated 01.02.2010; hence, the house may confirm the same.

Mr. B. S. Dua, Director Industries & Commerce (Jammu) pointing out that certain portion of contents of the recorded minutes attributed to the Principal Secretary, Industries & Commerce minutized as “the decision to raise rates of premium on allotment of land to MSMEs entrepreneurs for setting up the industrial Estates in the State **was taken by the Government without consulting Finance Department and that the said decision will be reviewed and revisited by the Government in consultation with the Finance Department**” needed to be amended slightly in his opinion as the said statement of the Principal Secretary, Industries & Commerce has not been captured correctly.

Reacting to this, the Vice President, J&K Bank (Convenors of J&K SLBC), Mr. M. S. Wani clarified that Principal Secretary Industries & Commerce did not participate in the 7th special monthly meeting of J&K SLBC on MSMEs and therefore, no such contents are appearing in the minutes of said meeting. Reading out the relevant part of the minutes, Mr. Wani further clarified that basically it was the Director, Industries & Commerce (Kashmir) who had apprised the forum that: quote “**the issue was deliberated in the 78th SLBC meeting held in the morning session, wherein after thorough deliberations the Principal Secretary, Industries & Commerce assured that the decision to enhance the rates of premium for allotment of land in the Industrial Estates will be revisited and reviewed soon in consultation with Finance Department**” unquote, which was accordingly incorporated in the minutes.

Consequent to this clarification, the Director, Industries & Commerce, Jammu expressed his agreement with the minutes. Thereafter, the house confirmed the minutes of the 7th special monthly meeting of J&K SLBC on MSMEs without any amendment.

The representative of KCCI, Mr. Bilal Kawoosa, stated that MSMEs sector has not stabilized yet and the credit flow to this sector is still very low in J&K State requiring concerted and continuous follow up. He therefore, pleaded that convening of monthly special meeting of this forum should not be dispensed with.

Reacting to this, the Chairman, Mr. A. K. Mehta clarified that SLBC has just put a recommendation to Govt. for discontinuation of the process of holding monthly special meetings of SLBC in view of the fact that the credit flow to this sector as well as other issues pertaining to MSMEs are being already discussed in various other forums like Empowered Committee of RBI on MSMEs and Quarterly SLBC meetings.

Agenda Item No: 02

Review of data/ position relating to implementation of IBA package on MSMEs, Housing & Auto sectors:

The Chairman detailed out progress on implementation of IBA package on MSMEs as of April, 2010 and stated that upto 30th April, 2010 the banks operating in the State have restructured 4,450 MSMEs accounts involving an amount of Rs.277.54 Crore and extended fresh working capital loans to the extent of Rs.851.68 Crores in favour of 14,785 beneficiaries and incremental working capital loans amounting to Rs.364.14 Crores in favour of 3,839 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.3.31 Crore in favour of the 105 entrepreneurs. Besides, Housing Loans to the tune of Rs.608 Crore in favour of 20,921 beneficiaries and Auto loans to the tune of Rs.415.97 Crore in favour of 12,975 beneficiaries have been sanctioned by the banks during the said period.

Commenting on the performance of major banks operating in the State, the Chairman stated that J&K Bank alone has restructured 3308 accounts of MSMEs involving an amount of Rs.159.79

Crore being 74% out of the total number of 4,450 accounts of MSMEs so far restructured by banks in the State involving Rs.277.54 Crore. The bank has issued Working Capital Loans (new) to the extent of Rs.241.97 Crore in favour of 4419 beneficiaries and incremental working capital loans to the extent of Rs.206.58 Crore in favour of 2377 beneficiaries.

State Bank of India has restructured 771 MSMEs accounts involving Rs.53.61 Crores, and issued working capital loans (new) to the extent of Rs.345.34 Crore in favour of 3393 beneficiaries and incremental working capital loans to the extent of Rs.81.21 Crore in favour of 428 beneficiaries.

Punjab National Bank has restructured 202 MSMEs accounts involving Rs.53.90 Crores, and sanctioned working capital loans (new) to the extent of Rs.72.14 Crore favouring 647 beneficiaries and incremental working capital loans of Rs.30.53 Crore favouring 156 beneficiaries.

The position as reviewed was observed to be satisfactory. However, the house expressed displeasure that the performance of all other banks operating in the State was negligible.

The representative of KCC&I, Mr. Bilal Ahmad Kawoosa pointed out that the data presented in the agenda papers was inadequate and requested that more sector-wise/ region-wise details should have been placed in the agenda papers for deliberations.

However, the Vice President, J&K Bank (Convenors of J&K SLBC), Mr. M. S. Wani clarified that basically the monthly Special SLBC meetings are being held in compliance with the guidelines issued by Government of India mandating specifically to review the performance of banks under the IBA package for stepping up flow of credit to MSMEs, Housing and Auto sectors impacted by recession and resolving any related issues in accordance with the format prescribed by Government of India, Ministry of Finance. Hence, any further data, which is not intended to serve the specific objective and which is falling beyond the scope of package and existing data sourcing mechanism, was not being collected by the SLBC and could not be therefore, provided. He however, told that in case any member wanted any more details regarding Sector-wise/ Bank-wise flow of credit in J&K, all such data is usually deliberated upon in the main SLBC meeting and is also available on the website of J&K SLBC: www.jkslbc.com which could be easily accessed.

Joining deliberations on the issue, the President, JCCI, Mr. Y. V. Sharma, pleaded that region-wise data should be made available in the agenda papers so as to facilitate the members to know the position of restructuring of accounts and flow of credit to different regions of the State. Elaborating his viewpoint, Mr. Sharma stated that in Kashmir region we have handicrafts and handloom sectors who can take benefits from micro level credits upto Rs.10.00 lacs, whereas in Jammu region the industrial environment is different from Kashmir and there is need to create a similar environment in Jammu as it exists in Kashmir.

President J&K Bank, Mr. Parvez Ahmad joining deliberations on the issue stated there is not much manufacturing activity taking place in Kashmir region, whereas in Jammu region the situation is different and a lot of manufacturing activity is taking place, so the region-wise inputs could be helpful in giving a clear picture. He further stated that since the forum has been created to review the flow of credit to MSMEs sector, there is a point in going to the granular details and see in which sector the credit is flowing to what extent. He stated that in case the members desired to have any granular details of the data and if such data is not available and if the present MIS is not compatible, then the format would have to be modified.

The Chairman agreed that in case the region-wise details are available, the SLBC office would provide the same to the representatives of industry/ trade.

Mr. M. S. Wani, Vice President (LBD/SLBC) stated that such MIS will have to be generated, as the present structure for calling such information does not provide the same. He, however, assured that necessary steps would be taken to collect the region-wise details for the next special monthly SLBC meeting for MSMEs.

(Action: Lead Bank Department, J&K Bank)

The Director, Industries & Commerce (Jammu), Mr. B. S. Dua desired to know the details about the Soft Loan for purchase of D. G. Sets as given in the agenda papers.

Reacting to this, Mr. M.S.Wani, Vice President (LBD/ SLBC) clarified that lack of power backup for manufacturing sector was forcing shutdown thereby impacting the production of the units in certain areas, so the national policy for DG sets was introduced by GoI under which soft loans are provided by banks on concessional interest rates for purchase of DG sets to get adjusted by capital subsidy released by the Government under the scheme. Moreover, the interest component on such loan is also reimbursable/ eligible for subvention, which makes it very soft for the entrepreneurs.

The Director, Industries & Commerce, Jammu endorsing the said statement informed the house that Industries & Commerce Department is giving 100% subsidy to the capital invested by the entrepreneurs for purchase of DG sets. With a view to prevent dual benefit of Capital Subsidy as well as interest subvention, the Director, Industries & Commerce suggested that if at any stage a soft loan for DG set is given by any bank, the department of Industries & Commerce should be intimated about that, so that the day the department releases the subsidy amount the same can be adjusted against the loan account of the entrepreneur.

Clarifying the matter, the Chairman, FCIK, Mr. Shakeel Qalander stated that the 100% capital subsidy on DG sets is provided on reimbursement basis, whereas the entrepreneur has to invest funds and purchase the DG set from his own sources or from the funds arranged through the bank. Since the reimbursement from government comes in 3-4 years from the date of installation of the DG set, during which period the entrepreneur has to pay the interest, so the interest subvention is towards meeting the interest on borrowed money.

Expressing agreement with the contention of Director, Industries & Commerce, the DGM, Reserve Bank of India stated that while releasing the subsidy amount in favour of the entrepreneur the Department should ask for the details of the financing bank and accordingly mention on the cheque itself that the amount is for liquidation of the loan for DG set, so that banks act accordingly.

(Action: Industries & Commerce Deptt. / All Banks, FIs)

The DGM, Reserve Bank of India pointed out that the data presented in the Agenda papers describes only the amount of credit disbursed during the month as well as since the inception of the package, but the demand side of the credit is not available, in absence of which there can be no proper monitoring of the credit flow to MSMEs sector.

The Chairman, FCIK pointed out that Industries Department can apprise the house how many cases were sponsored to various banks and what the performance of banks has been. He stated that the performance of banks has not been beyond 2-3% only, while as 97% of the cases sponsored are being either rejected or prolonged. He sought details of the sponsorship made by the Industries Department.

Reacting to this, the Joint Director, Industries & Commerce (Kashmir), Mr. Muzaffar informed that the department has sponsored 843 cases involving Rs.7407 Crore, out of which 168 cases have been sanctioned whereas disbursement has taken place in 121 cases involving an amount of Rs.1302 Crore.

The representative of KVIB Department, Mr. Rashid Qadiri, giving the details of sponsorships under PMEGP Scheme, stated that the PMEGP Scheme is being implemented by three agencies, viz. DIC, KVIC and KVIB. He pointed out that the figures given by the Joint Director, Industries & Commerce represents sponsorship of cases under PMEGP in respect of the District Industries Centres only thereby leaving the other two implementing and sponsoring agencies. He further informed that GoI had fixed a target of 262 units with a margin money outlay of Rs.3.14 Crore, against which KVIB has sponsored 2400 units and out of that banks have sanctioned 1598 cases wherein first instalment stands disbursed involving project cost of Rs.53 lakhs. He further stated that 52% achievement under credit flow to MSMEs includes contribution of 70% by KVIB.

Stating that KVIB has already taken up with the concerned quarters the issues of raising of targets of 262 units with 2000 units more, Mr. Rashid Qadiri pointed out that till date the targets have not been raised. He stated that subsidy in 382 cases of the first generation entrepreneurs sponsored during the FY 2009-10 is yet pending with the PMEGP Nodal branch of J&K Bank (B/U R.T.O. Srinagar) involving an amount of Rs.4.50 Crore, which he attributed to non-availability of funds.

Reacting to this the Vice President (PS/ GB), J&K Bank stated that the cases pending with the Nodal Branch, J&K Bank, Srinagar are pending for want of margin money from the Government and whatever margin money the branch has received, has been since disbursed also for which the branch concerned has gained appreciation from KVIC Mumbai.

Agenda Item No. 03

Prime Minister's Task Force for flow of Credit to MSMEs Sector:

The draft recommendations of the Prime Ministers' Task Force for flow of Credit to MSMEs Sector were included in the agenda of the meeting on the request of Kashmir Chamber of Commerce & Industry for keeping the concerned stakeholders updated.

Mr. Shakeel Qalander, Chairman, FCI, stated that the final recommendations made by the said Task Force were put before the Hon'ble Prime Minister for approval, who has accorded approval to majority of these recommendations, which have subsequently been sent to the respective ministries for formal orders and once the orders are issued, these would be applicable on all the respective segments. As regards the recommendations regarding credit flow to MSMEs, he clarified that only when RBI comes up with formal orders in the matter, the issue whether these have been implemented or not can be raised.

Mr. Bilal Kawoosa, representative of KCCI, pointed out that the Hon'ble Finance Minister in his budget speech has duly endorsed these recommendations and that there are express instructions for a number of departments. He insisted that these recommendations should be implemented and requested that banks should devise liberal OTS policy for small enterprises as already done by State Bank of India.

Mr. M. S. Wani, Vice President (LBD), J&K Bank clarified that the Prime Minister has actually appointed this task force to understand the peculiar issues confronting MSMEs sector and exploring resolution. The draft recommendations are yet to be accepted. He stated that the issue has been placed on the agenda just for creating awareness with a view that we should keep ourselves in a state of preparedness for this once the recommendations percolate down for implementation.

Agenda Item No. 04

Action taken report on action points of the previous Monthly Special SLBC Meeting on MSMEs (outstanding issues):

- 1) **Each State Government may also have a separate Ministry for MSMEs. In addition the State Government may also have long term and short-term policy for development/promotion of MSMEs Sector (Para 5.9 of Dr. K. C. Chakrabarty Working Group recommendations).**

On being asked to report progress on the issue, the Director, Industries & Commerce, Jammu, stated that MSMEs is a part of Industries & Commerce in the J&K State and that the Industrial Policy is already existing in the State which is valid till 2015 in addition the GoI's policy is also prevalent here which is valid upto 2020. He further stated that Industries & Commerce Department grants registration to both the manufacturing sector as well as the Services Sector as and when required.

Mr. M. S. Wani, Vice President, J&K Bank stressed that State Government is under obligation from GoI to declare a separate Ministry for MSMEs in the State and asked for a specific response from the Government.

Reacting to this Mr. B. S. Dua, Director Industries & Commerce reiterated that in J&K State MSMEs is a part of the Industries & Commerce Department and that creation of a separate ministry for MSMEs in the States is just a recommendation but none of the States throughout the country have so far created any such ministry. He clarified that the MSMEs Act has been adopted in the State and an SRO has been issued in this regard, so all the ingredients of that Act are applicable to J&K State.

Mr. Muzaffar, Joint Director, Industries & Commerce (Kashmir) joining deliberations on the issue stated that MSMEs Act has been implemented in J&K State in totality and every manufacturing or services unit is eligible for availing any sort of incentives available under both the industrial policies prevailing in the State. He emphatically made it clear that changing the nomenclature is not an issue, rather the entrepreneurs should avail the incentives. Mr. Muzaffar also clarified that handicrafts is a thrust area in J&K State and stated that every DIC is registering handicrafts units as well.

Mr. Shakeel Qalander, Chairman, FCIK demanded that J&K Government should come up with an order to the effect that Department of Industries & Commerce will henceforth handle the ministry of MSMEs also, so that entrepreneurs of the State are able to avail of all the incentives available under MSME Act.

Mr. Mushtaq Sidiqi, Special Secretary Finance, J&K Govt. stated that he had discussed the issue with the former Principal Secretary, Industries & Commerce, who was of the view that Industries & Commerce Department is to be treated as MSMEs ministry, though Chakrabarty Committee recommendations require a separate ministry of MSMEs to be created in all the States. He suggested that Convenor, SLBC should write to the Chief Secretary of the State to resolve the issue.

Mr. Y. V. Sharma, President, JCCI stated that in the wisdom of GoI, the nomenclature of MSMEs is more conveying, more encompassing and more broad based as compared to the "Industries & Commerce".

- **Acceding to the suggestion of Mr. Mushtaq Sidiqi, it was decided that Convenor, SLBC shall take up the matter with the Chief Secretary, J&K State, requesting to resolve the issue.**

(Action: Convenor Bank)

- 2) **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:**

The Director, Industries & Commerce, Jammu apprised that the issue is under active consideration of the Government and a decision in the matter is expected very shortly. On being insisted to divulge the details of what the government intends to do and the possible timeframe fixed, the Director, Industries & Commerce stated that government has taken a decision and minutes have been drafted and submitted for approval by the Cabinet.

Reacting to this the Chairman, FCIC expressed deep concern that the issue has been discussed for the last 2 years now and every time government is coming out with the version that the issue would be resolved very soon. Reiterating the demand of the industrial fraternity, the Chairman FCIC stated that Government should revert back to its commitment made in the Industrial Policy of 2004. He also expressed his grave concern that Commissioner/ Secretary, Industries & Commerce and Commissioner/Secretary Finance, who are permanent members of this forum, have not been attending the meetings of this forum. He stated that had these two senior functionaries of the State Government been present in the meeting they would have been able to give some definite timeframe for resolution of the issue.

However, the Director, Industries & Commerce, Jammu clarified that he is representing Industries & Commerce and the Finance Department is being represented by Mr. Mushtaq Sidiqi, Special Secretary, Finance, and reiterated that government has arrived at some consensus on the issue and the draft minutes are lying with the Government for final approval and are likely to be issued very soon.

(Action: J&K Government)

Contribution towards Employees' Provident Fund in relation to number of employees:

The Director, Industries & Commerce stated that though the issue does not pertain to Industries & Commerce Department, but since the department has received many representations from the Chamber of Industries and other industrial associations, the matter has been referred to the Labour Department, which is the apex body to deal with such issues. He clarified that Industries & Commerce Department has supported this cause and recommended for maintaining parity with other States of the country so far as contribution by the units towards provident fund in relation to number of employees of any enterprise is concerned.

Mr. Shakeel Qalander, Chairman, FCIC pointed out that some three years before the matter was taken up to the State Legislative Assembly, where it was passed that labour norms prevailing elsewhere in the Country would be applicable to the State of J&K, which also include that any enterprise employing more than 9 persons shall have to abide by the Contributory Provident Fund norms of the employees, for which the Finance Department or the concerned department in the Government had to come up with formal orders, which has not been done for the last 3 years. He stressed that Industries & Commerce Department should approach the Government and ensure that the issue is resolved.

The President, JCCI stated that the issue has been discussed several times but has not been resolved yet, which has created a sort of discontentment among the industrial units. He also stressed that since the issue has been once cleared on the floor of the State Legislature, the Government should ensure its resolution once for all.

Mr. A. K. Mehta, Chairman, expressing his agreement with the representatives of industrial organizations, stated that grooming the industry is the responsibility of Industries Department and all the difficulties confronted by the industry need to be settled by the Industries Department. He emphasized that Industries & Commerce Department should take necessary measures to sort out the issue as early as possible.

(Action: Industries & Commerce Department, J&K Government)

AGENDA ITEM NO: 05

Workshop on Credit Guarantee Scheme for Micro & Small Enterprises:

The Chairman, Mr. A. K. Mehta apprised the members that a Mega Workshop on Credit Guarantee Scheme for Micro and Small Enterprises was held on 1st of May 2010 at S.K.I.C.C., Srinagar with an intention to generate awareness about the Credit Guarantee Scheme for Micro & Small Enterprises for promotion of MSEs in J&K State. The joint workshop organized by J&K Bank and sponsored by CGTMSE was coordinated by SIDBI.

Mr. Shakeel Qalander, Chairman, FCIK appreciated the initiative but pointed out that he had basically proposed for holding a mega workshop on Credit Guarantee Scheme at Srinagar and Jammu with high profile dignitaries present for enabling on-the-spot commitments from the Government, which did not happen. He, therefore, suggested for holding a fresh mega workshop on the issue involving top brass of all the stakeholders.

The DGM, Reserve Bank of India also appreciated the joint initiative of J&K Bank, CGTMSE and SIDBI to hold the workshop in Srinagar, suggested that such workshop should be held in the State on a continuous basis with a view to generate awareness among the entrepreneurs as well as the banks regarding the scheme. He requested the banks to implement the scheme in the State in letter and spirit.

The representative of KCCI, Mr. Bilal Kawoosa pointed out that despite clear instructions for coverage of loan facilities under MSMEs sector should be covered under Credit Guarantee Fund Scheme the banks are insisting for collateral securities for granting credit facilities.

Reacting to this, the DGM, State Bank of India, Mr. K. K. Iyer stated that Credit Guarantee Fund Scheme is relatively new here, that is why it has not taken off in the State. He, however, assured that banks are pursuing the scheme in the State and the coverage of loan facilities under the scheme is growing day by day.

Other issues raised in the meeting:

The Chairman, FCIK, Mr. Shakeel Qalander pointed out that none of the banks including J&K Bank is extending the facility of collateral free loans upto Rs.5.00 lakh to the entrepreneurs of the State. Citing an example, he stated that one of the entrepreneurs who had approached the bank for credit facility of Rs.5.00 lakh was asked to provide collateral security of 5 kanals of land as well as personal guarantee of three persons, but despite producing the said collateral securities the entrepreneur could not get the credit facility of Rs.5.00 lakh from the concerned bank. He pointed out that when banks are not adhering to the existing RBI guidelines of providing collateral free loans upto Rs.5.00 lakh, there is no sense in discussing the issue of raising this limit from Rs.5.00 lakh to Rs.10.00 lakh. He desired that all the cases where entrepreneurs have been denied the collateral free credit facilities by the banks should be raised in the forum for redressal.

The DGM, Reserve Bank of India emphasized that the RBI directions for providing collateral free loans upto Rs.5.00 lakh should be implemented by the banks in letter and spirit, failing which RBI

will take strong action against the defaulting banks. He requested the representatives of J&K Bank, SBI, PNB and other banks present in the meeting to ensure that the relevant RBI instructions are meticulously adhered to. Regarding raising in the forum the specific issues where entrepreneurs have been denied collateral free loans by banks, the DGM, RBI maintained that it would be desirable that such issues are mailed to the concerned banks and the Convenor Bank for redressal.

Responding to this, the President, J&K Bank, Mr. Parvez Ahmad clarified that highlighting any individual instances should not lead to the perception that banks are not adhering to the RBI directions, which prompted the RBI to say that strict action would be taken against the banks not adhering to the relevant instructions. Elaborating the viewpoint of J&K Bank, Mr. Parvez Ahmad, President, stated that the bank has been sincerely adhering to the RBI guidelines and has been extending collateral free loans to the entrepreneurs, but pointed out that as for as some unsanctioned cases are concerned, surely there will be reasons.

Regarding coverage of credit facilities under Credit Guarantee Scheme, the President, J&K Bank expressed his agreement with the contention of DGM, SBI, Mr. K. K. Iyer, and stated that Credit Guarantee Fund Scheme is new to the State and keeping in view the bad experience of banks in respect of the erstwhile credit guarantee schemes, the banks have to be selective in taking cover of Credit Guarantee Fund Scheme.

Apart from above, the representative organizations of MSMEs, Trade and Industry demanded special dispensation for the J&K state keeping in view the continuous suffering of the last two decades. He pleaded that:

- **Time period for NPA criteria should be double the period elsewhere in the country, i.e. it should be 6 months instead of 3 months in view of the precarious situation prevailing in the State for the last 2 decades when even the normal accounts have turned NPAs;**
- **Restructuring/ re-schedulement of accounts should be allowed for a further period of at least 2 years, so that the accounts of MSMEs are not stressed and the entrepreneurs are saved from the difficulties they are passing through.**
- **In J&K State there are 22 public/ private sector banks operating but only a few major banks including J&K Bank, SBI, PNB are performing and rest of the banks have negligible performance. Members expressed concern that some prominent private sector banks like HDFC bank are not contributing to the flow of credit to MSMEs sector in the State.**

Appreciating the concerns of the representative organizations of MSMEs, the DGM, Reserve Bank of India clarified that this forum has been created specifically to ensure flow of proper and timely credit to the MSMEs sector. The DGM RBI clarified that we are following the best practices and whenever any genuine requests have been made; the same have been taken care by RBI/ banks. He, however, stated that RBI is very much concerned about the difficulties faced by the entrepreneurs and it is ensured that every one gets a fair deal. Regarding lack of performance of some banks including HDFC bank in the State, the DGM, RBI assured that the issue will be taken up with the concerned banks appropriately.

(Action: Reserve Bank of India)

The President, JCCI desired to have some dispensation for the sufferers of the Amarnath row for which the government had made some commitments. However, the Chairman stated that this was beyond the scope of discussion in this forum and advised that the matter may be separately pursued with the State Government. The Chairman expressed optimism that all the banks operating in the State would contribute towards the development of MSMEs sector in the State.

While concluding the meeting, Mr. M. S. Wani, Vice-President, J&K Bank (LBD/ SLBC) thanked the participants for actively participating in the proceedings and assured that the actionable points shall be conveyed to the concerned quarters for their attention and desired action.

(M. S. Wani)
Vice President (LBD/SLBC)

ANNEXURE-A

**LIST OF PARTICIPANTS OF THE 8TH SPECIAL MONTHLY MEETING OF
J&K SLBC ON MSMES HELD ON 20.05.2010 AT SKICC SRINAGAR**

<u>S. No.</u>	<u>Name of Participant</u>	<u>...</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. N. K. Sahu	...	Deputy General Manager
3.	Mr. C. Sahoo	...	Assistant General Manager
<u>Government of J&K / other agencies</u>			
4.	Mr. Mushtaq Siddiqi	...	Special Secretary, Finance Department
5.	Mr. B. S. Dua	...	Director, Industries Kashmir (Jammu)
6.	Mr. Muzaffar Hussain	...	Joint Director, Industries & Commerce (Kashmir)
7.	Mr. M. Muazzam	...	MD, SIDCO
8.	Mr. Ichpal Singh	...	AHTO, Handicrafts Department
<u>J&K SLBC Convenor Bank (J&K Bank)</u>			
9.	Mr. Ajit Singh	...	Senior President (Lead Bank/ J&K SLBC)
10.	Mr. Parvez Ahmad	...	President (A&AP) J&K Bank
11.	Mr. M. S. Wani	...	Vice-President (Lead Bank/J&K SLBC) J&K Bank
12.	Mr. Abdul Rauf	...	Vice President (PS & GB), J&K Bank
13.	Mr. G. R. Bhat	...	Sr. Executive Manager (LBD/SLBC), J&K Bank
<u>Other Banks/ RRBs</u>			
14.	Mr. K. K. Iyer	...	DGM, State Bank of India (ZO, Jammu)
15.	Mr. R. C. Kaul	...	DGM, Punjab National Bank, Circle Office (Jammu)
16.	Mr. P. K. Abrol	...	Regional Manager, SBI, Srinagar
17.	Mr. A. A. Allaqaband	...	AGM, UCO Bank
18.	Mr. S. L. Dhar	...	Chief Manager, Lead Bank, SBI, Jammu
19.	Mr. M. L. Belmal	...	BM, Central Bank of India, Srinagar
20.	Mr. Raja Abdul Latif	...	Chairman, J&K Grameen Bank
21.	Mr. S. A. Qureshi	...	General Manager, Ellaquai Dehati Bank
<u>SIDBI</u>			
22.	Mr. Neeraj Srivastav	...	Branch Incharge, SIDBI, Jammu
<u>KVIB</u>			
23.	Mr. Rashid Ahmad Qadri	...	Dy. CEO, KVIB
<u>Representative Organisations of MSMEs, Trade & Industry</u>			
24.	Mr. Shakeel Qalander	...	President, FCIK.
25.	Mr. Bilal Ahmad Kawoosa	...	Nominee of President, KCC & I
26.	Mr. Y. V. Sharma	...	President, JCCI.
