

SEGMENT - 1

Presentation on Banking codes and Standards:

The main aims and objectives of Banking Codes and Standards Board of India (BCSBI) are to evolve Codes and Standards for banks for providing fair treatment to their customers. So far banks have adopted to implement two Codes. "Code of Bank's Commitment to Customers" and "Code of Bank's Commitment to Micro and Small Enterprises". In an effort to spread awareness of the above mentioned Codes and standards among bankers and the customers, BCSBI had been holding workshops and meetings and conducted surveys. The results have been shared with bankers to further enhance customer service in the banks.

However, based on the number of complaints being received by BCSBI and branch visits undertaken by BCSBI officials, it has been felt that at the grass-root level understanding of the contents of the Codes and their assimilation is not at desired level and some more efforts are required to achieve the same. Therefore the BCSBI has proposed to use the SLBC forum to enhance awareness of the Code provisions and to interact with branch level officials as also some customers of branches.

Accordingly, the representative of the Banking Codes and Standards Board of India (BCSBI), Mumbai Shri R C Arora, Senior Vice President & Head, Compliance shall make a Presentation on the Banking Codes and Standards before the house. This shall be followed by a brief interaction regarding the Banking Codes and Standards.

SEGMENT - 2

AGENDA ITEM NO: 01

Confirmation of Minutes of the 8TH monthly Special Meeting of J&K SLBC on MSMEs:

The 8TH monthly special meeting of J&K SLBC on MSMEs was held on 20.05.2010 at Srinagar. Minutes of the said special SLBC meeting were webcast on www.jkslbc.com and also circulated vide this office No. LBD/8th Spl. SLBC MSMEs/2010-199 dated 19.06.2010 for desired action.

As no amendments have been received from the members on the said minutes, the house is requested to confirm the same.

AGENDA ITEM NO: 02

Review of data / position relating to implementation of IBA package on MSMEs, Housing & Auto sectors as at end of November, 2010:

The consolidated data as well as the Bank-wise position relating to implementation of IBA package on MSMEs, Housing & Auto sectors in the prescribed format as received from banks/ lending institutions operating in the State as at the end of November 2010 are enclosed as Annexure-I & II for information of the house. It is evident from the data available that:

Consolidate position of J&K State:

- Banks operating in the State have sanctioned working capital loans (new) to the extent of Rs.955.55 Crore in favour of 17875 beneficiaries and incremental working capital loans amounting to Rs.447.01 Crore in favour of 4529 existing units.
- Banks in the State have so far restructured 6585 MSMEs accounts involving an amount of Rs.377.33 Crore.
- Soft loans for D. G. Sets to the tune of Rs.5.31 Crore have been sanctioned in favour of 551 beneficiaries.
- Housing Loans to the tune of Rs.723.49 Crore have been sanctioned in favour of 25,751 beneficiaries; and
- Auto loans to the tune of Rs.554.51 Crore have been sanctioned in favour of 16,635 beneficiaries.

Performance of major banks operating in the State:

- J&K Bank alone has restructured 5423 accounts of MSMEs involving an amount of Rs.259.52 Crore being 82% out of the total number of 6585 accounts of MSMEs so far restructured by banks in the State involving Rs.377.33 Crore. The bank has issued Working Capital Loans

(new) to the extent of Rs.267.35 Crore in favour of 5824 beneficiaries and incremental working capital loans to the extent of Rs.236.63 in favour of 2805 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.387.15 Crore in favour of 4088 beneficiaries and incremental working capital loans to the extent of Rs.116.74 Crore in favour of 507 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.92.81 Crore favouring 873 beneficiaries and incremental working capital loans of Rs.39.08 Crore favouring 164 beneficiaries.

The house is requested to deliberate on the issue

Encls: 03

District-wise position:

During the 8th Special monthly SLBC meeting on MSMEs held on 20.5.2010 the representatives of industrial organizations had pleaded that region-wise data in respect of implementation of IBA package to MSMEs, Housing & Auto sectors should be made available in the agenda papers for deliberation so as to facilitate the members to know the position of restructuring of accounts and flow of credit to different regions of the State and the house was informed that the requisite data was being obtained as per the format prescribed by Government of India, Ministry of Finance and the present structure for calling region-wise information does not provide for any region-wise data.

However, as per commitment made in the previous meeting, necessary steps were taken by SLBC Secretariat to collect the region-wise details and so far district-wise data on credit flow to MSMEs, Housing and Auto Sectors has been received from some major banks, viz. J&K Bank, State Bank of India, Punjab National Bank, J&K Grameen Bank and Ellaquai Dehati Bank. The said district-wise details are given in [Annexure-III](#) for information of the members.

The following banks are yet to submit the district-wise details:

UCO Bank, Central Bank of India, Canara Bank, Punjab & Sind Bank, Union Bank of India, Syndicate Bank, Oriental Bank of Commerce, Dena Bank, Indian Overseas Bank, Andhra Bank, Corporation Bank, Bank of Maharashtra and Anantnag Central Cooperative Bank.

The house is requested to review the position and deliberate.

AGENDA ITEM NO: 03

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

(A) Recommendations of Dr. K. C. Chakrabarty Working Group appointed by RBI – Action points relating to the State Government:

The recommendations of the Dr. K. C. Chakrabarty Working Group constituted by RBI to look into the problems being faced by the Micro and Small Enterprises (MSE) sector, particularly with respect to rehabilitation of potentially viable sick units, were deliberated upon in 4th, 5th, 6th and 7th and 8th Special Monthly SLBC meetings, but the below mentioned recommendation have remained outstanding:

- 1) Each State Government may also have a separate Ministry for MSME. In addition the State Governments may also have long term and short-term policy for development/promotion of MSME sector (Para 5.9):

In the 6th monthly special SLBC meeting for MSMEs held on 20.10.2009 at Srinagar, the Chairman, FCIK, pointed out that under MSMED 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 MSMED Act. The house had expressed concern that the issue has been deliberated upon in several meetings of this forum without any resolution. The representative of Industries & Commerce Department was advised to report compliance on the issue in the next meeting.

In the 8th Special SLBC meeting held on 20.5.2010 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. Besides, the Joint Director, Industries & Commerce (Kashmir) informed 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.

In the said meeting representatives of trade & Industry 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 MSMED Act.

After thorough deliberations on the suggestion of Special Secretary Finance, J&K Govt., it was decided that Convenor, SLBC shall take up the matter with the Chief Secretary, J&K State, requesting to resolve the issue. Accordingly, the matter has been taken up with the Chief Secretary, J&K Govt. vide letter No.LBD/SLBC/MSMes/2010-332 dated 20.08.2010, requesting therein to resolve the issue.

Government may apprise about the progress in this regard.

- 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:

Throughout the previous Special monthly SLBC on MSMEs meetings the representatives of FCIK, FIJ, KCCI and JCCI have been pleading that the Government has made the commitment in the Industrial Policy for the State to provide land at the subsidized rates for setting up Industrial Estates exclusively for MSMEs and desired that government should keep that commitment at least till the Policy is in operation and should restore the original rates prescribed in the said Industrial Policy.

The Director, Industries & Commerce, Jammu apprised the house 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 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.

Government may apprise about the progress in this regard.

(B) Contribution towards Employees' Provident Fund:

In the previous meeting the Chairman, FCIK had pointed out that in other parts of the country the manufacturing units employing 10 persons and above are required to contribute towards employees' provident fund, but contrary to that in J&K State there are different norms as the units employing only 4 persons and above have to contribute towards employees' provident fund. He had pleaded for removal of this anomaly and sought that this should be kept in tune with the other parts of the country.

In the 8th Special Monthly SLBC meeting on MSMEs held on 20.5.2010 the representatives of industrial organizations had expressed concern 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. They 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.

Accordingly, the house had observed 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. Industries & Commerce Department was advised to take necessary measures to sort out the issue as early as possible.

Representative of the Industries & Commerce Dept. J&K Government may inform progress in the matter.

AGENDA ITEM NO: 04

Workshop on Credit Guarantee Scheme for Micro & Small Enterprises:

Pursuant to the decision of J&K SLBC as well as State Level Empowered Committee on MSMEs, two Workshops on Credit Guarantee Scheme for Micro and Small Enterprises were held on 1st of May 2010 at Srinagar and 24th September, 2010 at Jammu with the objective of generating awareness about the Credit Guarantee Scheme for Micro & Small Enterprises for the purpose of promoting MSEs sector in J&K State.

The joint workshops organized by J&K Bank, sponsored by CGTMSE were coordinated by SIDBI. The workshop at Srinagar was inaugurated by Dr. Haseeb A. Drabu, Chairman & CEO of J&K Bank at SKICC, Srinagar, and the second workshop at Jammu was inaugurated by Mr. A.K.Mehta, Executive Director, J&K Bank. A large number of representatives drawn from entrepreneurs, J&K EDI, representative organizations of Industries, FCIK, KCCI, SIDBI, J&K Bank, SBI, PNB, J&K Grameen Bank and other major Public Sector Banks, Industries & Commerce Department of J&K Government etc. participated in these workshops.

This is for information of the members