



Lead Bank/ SLBC (J&K)

Ref. No: LB/SLBC/262-III/2012- 154

All members of

J&K State Level Bankers' Committee (SLBC)

May 11, 2012

Sub: Minutes of the meeting of Sub-Committee of J&K SLBC on Relaxation/ Concessions to Trade & Industry in J&K State held on 22.03.2012 at Jammu

Sir,

We forward herewith a copy of the minutes of the meeting of Sub-Committee of J&K State Level Bankers' Committee (SLBC) on Relaxations/ Concessions to Trade & Industry in J&K State held on 22nd March 2012 at J&K Bank, Zonal Office (Central), Jammu, for your information. You are requested to go through the same and initiate necessary action on the actionable points pertaining to your organization.

Yours faithfully,

For Convenor, J&K SLBC

Sd/-

Asstt. Vice President

Lead Bank/ J&K SLBC

Encls: Minutes of meeting

MINUTES OF THE MEETING OF SUB-COMMITTEE OF J&K SLBC ON RELAXATION/ CONCESSIONS TO TRADE & INDUSTRY IN J&K STATE HELD ON 22ND MARCH 2012 AT JAMMU

A meeting of the Sub-Committee of J&K State Level Bankers' Committee on Relaxations/ Concessions to Trade and Industry in J&K State was held on 22nd March 2012 at J&K Bank, Zonal Office, Rail Head Complex, Jammu. The meeting was chaired by Executive President of J&K Bank (Convenor Bank), Mr.G.M.Sahibzada. The main agenda for the meeting was to review the position and to consider further extension or otherwise in the period of the special package of Concessions/ Relaxations extended by RBI to Trade and Industry in J&K State, which was due to expire on 31st March, 2012. The meeting was attended by Mr. Abdul Rashid (President, J&K Bank), AGM, Reserve Bank of India (Regional Office, Jammu), DGM, SBI (Z.O.J&K), Representatives of Kashmir Chamber of Commerce & Industry, Jammu Chamber of Commerce & Industry, Federation of Commerce & Industries Kashmir and Federation of Industries, Jammu. The list of participants is enclosed as **Annexure-A**.

At the outset Vice President (LBD/SLBC) of J&K Bank formally welcomed Chairman of the meeting, senior functionaries representing the member banks and other institutions and the representative organizations of Trade and Industry in the State. He briefed the forum about the background, factors and circumstances that have impacted the Trade & Industry during the last year for enabling to consider a review and make recommendations if the special package of concessions/ credit relaxations to borrowers/ customers in J&K State granted by Reserve Bank of India specific to J&K State in the backdrop of the disturbed conditions is deserved to be continued and extended for a further period.

Chairman of the meeting, Mr. G. M. Sahibzada, elaborately highlighted that the agenda of the meeting was to review and assess the efficacy of the special package of relaxations and concessions to promote and facilitate trade and industry in the State and thereafter make recommendations to RBI for further extension or otherwise of the said package of concessions/ relaxations beyond its validity period expiring on 31st March 2012. He reminded the house that in the previous meeting the Sub-Committee had recommended extension of the package of concessions/ relaxations to Trade and Industry in J&K State for a longer period of 3 years, but RBI had extended it for just one year. In this regard Mr. Sahibzada invited views of the participants.

Presenting his view point, the President, JCCI, Mr. Tara Chand Gupta pleaded that the package of Concessions/ relaxations granted by RBI to Trade & Industry in the State be continued beyond 31st March 2012 as there has been no improvement in the conditions prevailing in J&K State nor is there any hope of its improvement in near future. Complaining that these concessions/ relaxations are not being fully extended by the banks to the trading community and the small traders are being completely ignored and no concession is given by banks with regard to stop payment charges, ledger folio charges, cheque return charges, Cash Credit Limit renewal charges/ processing charges etc. which are being recovered by banks at very exorbitant rates. He was of the view that instead of giving concessions the customers are being over-charged. Therefore, Mr. Tara Chand pleaded that the package of concessions be implemented in the State in letter and spirit. He also pointed out that local clearing cheques being dishonoured are being subjected to penal charges at both ends, i.e. the issuing party and the beneficiary party and pleaded that the beneficiary party, who is not at fault, should be exempted from such penal charges.

The Secretary General, KCCI (representing President, KCCI) strongly pleaded that the package of relaxations/ concessions to Trade & Industry should be further extended for a long period in view of the

peculiar conditions persisting in the State. Emphasizing on the need for further extension of the package beyond the current validity considering the J&K specific conditions he also pointed out that the relative guidelines of Reserve Bank of India are not being properly implemented by the operating levels of banks and stressed that implementation of these concessions/ relaxations be monitored and the District Level monitoring Committees as per the RBI guidelines, should be activated in the State. He also pleaded that over and above the package of concessions/ relaxations, banks should consider extending fresh need-based working capital/ term loan to the borrowers of Trade and Industry in the State and requested the banking community to quicken the process of revival and rehabilitation of the sick industrial units in the State. He also pleaded that banks should consider grant of some interest subvention for the trade & Industry in J&K State.

The President (A&AP), J&K Bank, Mr. Nayeem-ullah informed that previously the J&K Bank had announced the restructuring of accounts, which was over and above the package of relaxations/ concessions granted by RBI. Regarding the request for grant of interest subvention, he stated that J&K Bank has already granted the in-built 1% interest relief.

The Senior Vice President, FCIK, Mr. Mohammad Ashraf Mir, strongly pleaded for granting further extension to the package of concessions and its proper implementation. He also pleaded that sufficient loaning powers be vested with the Branch Managers as the lack of sufficient discretionary powers with the Branch Heads results in inordinate delays of the proposals. He requested that disposal of loan cases should be streamlined and unnecessary delay should be avoided and even if any proposals are rejected for some reasons, the same should also be done without any delay. Mr. Ashraf further stated that as a result of frequent turmoil in Kashmir most of the business establishments and bank branches have remained closed for months together, which is the main reason why industrial establishments are turning sick, for which he pleaded that necessary rehabilitation measures should be initiated. Mr. Ashraf pointed out that there used to be a Bank branch in the Industrial Estate, Barzulla, Srinagar, which was some time back shifted to some other place and requested that the branch be relocated at its original place.

Mr. Anil Suri, Chairman, Federation of Industries, Jammu, endorsing the viewpoints of the representatives of KCCI, JCCI and FCIK pleaded that as the State Industrial Policy is expiring in 2015 the package of concessions/ relaxations to trade & Industry should also be extended by RBI upto 2015. He further stated that the Industrial Finance branches of the banks should be vested with sufficient loaning powers. Maintaining that Industry is a source of employment Mr. Suri strongly stated that the institutional mechanism to monitor implementation of this package should be put in place.

During the deliberations, the representative organizations of Trade & Industry raised some other issues for consideration of the forum, which are described as under:

- 1) Some private sector banks operating in the State are only accumulating deposits from the State but their contribution to the economy of the State is negligible as no lending is being made by them, which he requested should be looked into by the forum.
- 2) The requirement of 15% margin in case of Bank Guarantees as provided under the package is not being implemented by banks in letter and spirit and instead 40% margins are being obtained by banks from the entrepreneur, which is contrary to the guidelines and should be looked into.
- 3) The industrial structure in J&K State is no way comparable to that of the national level, but the NPA norms fixed by the RBI for J&K State are at par with other parts of the country. Forum was requested to consider relaxed NPA norms for J&K State. He also requested that re-scheduling of accounts considered by the banks should be linked with need-based refinancing.
- 4) The CGTMSE Scheme should be implemented by all the banks operating in the State but the premium should be taken care by the banks as the same is a burden on the borrowers.

However, AGM, RBI, Mr. Baldev Raj Gupta clarified that the NPA norms are applicable to all parts of the country uniformly and there is no scope for any State-specific NPA norms.

Mr. M. S. Wani, Vice President, J&K Bank (LBD/SLBC) stated that the package of concessions/ relaxations is being extended by RBI year-to-year which is guided by the optimism that conditions would improve in near future and peace would return to the State. Regarding levying of higher service charges by the banks, Mr. Wani stated that J&K Bank has already issued the Schedule of Service Charges, which is basically the price-list for the customers. He stated that in case it is found that somebody is violating the price list, the representatives associations of trade & industry have every right to challenge that breach of instructions with the next higher authority for redressal and in case the issues are not sorted out there, these should be escalated to this forum. Regarding holding the meetings of the State Level Inter-Institutional Committee (SLIIC), Mr. Wani stated that we were mandated to listen to the complaints of the entrepreneurs and discuss those in the SLIIC meeting, but no complaints/issues have been sent to SLBC so far. The only case forwarded by Reserve Bank of India to SLBC was found not containing the details of Account Number or the name of the bank against which the complaint was lodged. He requested the representative bodies of Trade and Industry to escalate the issues/ complaints, if any to SLBC Secretariat so that these could be included in the Agenda for holding the meeting of the SLIIC.

The President, J&K Bank (LBD/SLBC/FI), Mr. Abdul Rashid assured that the issues raised by the representatives of Trade & Industry regarding debiting of ledger folio charges, incidental charges, renewal charges and violation of the Service Charges schedules shall be looked into if specific instances are brought to their notice.

The Executive President, J&K Bank stated that every time the Sub-Committee resolves that the package be extended for longer periods but every time RBI has been extending it for one year only. He stressed that this time RBI should be requested to consider extension of the package by at least 2 years. Regarding the grievance of the industrial associations that loan proposals are being delayed at the branch level, the Executive President stated that J&K Bank has already taken necessary measures to fast track the system and powers have been delegated to different authorities for speedy disposal of the proposals. He, however, desired that in case there are any specific instances, those should be brought to the notice of the bank, which would be looked into. Cautioning that banks are custodians of the public money, the Executive President emphasized that the representative organizations of Trade & Industry need to ensure that there are no defaults in repayment of the bank loans.

Consequent upon threadbare deliberations the Sub-Committee **unanimously decided to recommend to Reserve Bank of India that the special package of concessions and relaxations to Trade & Industry in the State be extended by a further period of two years and that the package of concessions/ relaxations should be properly monitored by Reserve Bank of India and strictly enforced.**

The Vice President, (J&K LBD/ SLBC) thanked the members for their participation, involvement and concern for trade and industry in the State and assured them that recommendations made by the Sub-Committee during the course of deliberations in the meeting shall be conveyed to concerned quarters for their consideration.

**Asstt. Vice President
Lead Bank/ J&K SLBC**

Annexure-A

List of participants of meeting of Sub-Committee of J&K SLBC on Relaxation to Trade and Industry in J&K State– held on 22.03.2012 at Jammu

S.No.	Name of Participant	...	Designation / Department.
<u>Convenor Bank (J&K Bank)</u>			
1.	Mr. G. M. Sahibzada (Chairman)	...	Executive President
2.	Mr. O. P. Sharma	...	President, Zonal Office (Central), Jammu
3.	Mr. Abdul Rashid	...	President (LBD/SLBC/FI)
4.	Mr. Nayeem-ullah	...	President (A&AP)
5.	Mr. M. S. Wani	...	Vice President (LBD/J&K SLBC)
6.	Mr. G. R. Bhat	...	Sr. Executive Manager (LBD/SLBC)
<u>Reserve Bank of India</u>			
7.	Mr. Baldev Raj	...	Assistant General Manager
<u>Member Banks</u>			
8.	Mr. A.K. Gupta	...	DGM, State Bank of India, Zonal Office Jammu
9.	Mr. Suresh Kumar Gupta	...	Chief Manager, Punjab National Bank
10.	Mr. P. J. Singh	...	Branch Head, UCO Bank
<u>MSME representatives</u>			
11.	Mr. Tara Chand Gupta	...	President, JCCI
12.	Mr. Billa Ahmad Kawoosa	...	Secretary General, KCC&I
13.	Mr. Anil Suri	...	President, FOIJ
14.	Mr. Mohamad Ashraf Mir	...	Sr. Vice President, FCIK

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