

**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 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, other concerned banks whose cases will be discussed, JKSF, JKSIDCO (in case their cases are being discussed) and the individual unit holders through the concerned Association” as its members. It was advised 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 five times and last meeting was held on 3<sup>rd</sup> July 2014 at J&K Bank, Corporate Headquarters Srinagar. The meeting of the Sub-Committee could not be held in the third quarter of the current financial year due to the flash floods that devastated the State in the month of September 2014 and subsequent preoccupations of all the stakeholders in relief and rehabilitation work.

**Agenda item No: 01**

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

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

The Sub-Committee after thorough deliberations in the meeting held on 3<sup>rd</sup> July 2014 impressed upon the representatives of the Industrial associations to facilitate the settlement of the case so as to give honorable exit to the promoter.

The forum decided to drop the agenda item in the future meetings of SLIIC.

J&K SLBC Secretariat, in this regard, has also received a letter under No. DI&C/PSU-Empowered Committee/65 dated 14.08.2014 from Joint Director, I&C Department Kashmir which was addressed to M/S Al-Kabir Food Centre and a copy thereof endorsed to Assistant Vice President, Lead Bank/ J&K SLBC wherein the proprietor of the unit was informed that the case has been dropped by the Sub-Committee of SLIIC and can not be deliberated any more in its meetings.

**This is for the information of the forum.**

**(II) 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 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 3<sup>rd</sup> July 2014 wherein the representatives of FCIK and KCCI while appreciating the role of J&K Bank for giving honorable exit to some borrowers recently by settling their cases through OTS Scheme, stated that the promoter of M/S Global Electronics, who is passing through a very difficult situation as a result of serious financial instability, has his only house to offer to the bank, which may possibly not compensate the OTS amount which Bank is likely to offer to settle the case through OTS Scheme.

The President J&K Bank Mr. Mohammad Amin in the previous meeting of the SLIIC apprised that case of M/S Global Electronic Industries is under active consideration of the bank for one-time Settlement and measures in this regard have already been initiated but stated that despite strenuous efforts the promoter is not cooperating for reasonable OTS. He impressed upon representatives of Industrial Associations and Directorate of Industries and Commerce (K) for using their good offices to prevail upon the promoter to come forward for the reasonable OTS.

### **Latest Status of the Case**

The J&K Bank, as per their latest communiqué dated January 15, 2015, has informed that promoter is not cooperating with the bank for reasonable OTS. Bank has requested representatives of Industrial Associations and Directorate of Industries and Commerce in the previous meeting of SLIIC to use their good offices to prevail upon the promoter to come forward for a reasonable OTS. However in absence of the cooperation from the borrower bank has initiated recovery proceedings against him.

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

**The forum may deliberate the issue.**

### **III) 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 held on 3<sup>rd</sup> July 2014 wherein the unit holder who was also present in the meeting informed that the unit turned sick due the turmoil which engulfed the valley during the year 2009. He expressed his desire to restart his unit and prayed for help from the financing bank.

The President, J&K Bank, Mr. Mohammad Amin assured the forum that Bank will explore every possibility to get the unit holder out from the present situation but rejected the request of the unit

holder to absolve the two Government employees from recovery of dues from their salaries on the basis that sufficient immovable property is available as mortgage to the bank.

### **Latest Status of the Case**

As per the communiqué dated January 15, 2014 received from J&K Bank, 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 representatives of Trade & Industry may give their view point on the issue**  
**The forum may deliberate the issue.**

### **(IV) 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 4<sup>th</sup> 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 RS. 25.00 Lacs (TL= RS.10 lac & WC= RS.15 lac) against Project Cost of RS. 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, held on 3<sup>rd</sup> July 2014 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. It was also informed that the application for waiver off one year interest in favour of the borrower has already been moved to bank authorities by FCIK.

The representative of UCO Bank however, denied receipt of any representation in this regard either from the promoter of the Unit or from any Industrial Association. He stated that once the written representation is received from any quarter in this regard the same shall be forwarded to the higher authorities for consideration.

The Chairman advised the representative bodies of Trade & Industry to forward a fresh application for waiver off one year interest in favour of the borrower to UCO Bank for its early redressal.

### **Latest Status**

UCO Bank vide its mail dated 15<sup>th</sup> January 2015 has informed that the controlling office of the Bank has declined the request of the unit holder for waiver of interest on belated period in view of the failure of the unit holder to deposit the compromised amount within the prescribed time period.

**The house may deliberate the issue.**

**Agenda Item No: 02**

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

The forum during its 5<sup>th</sup> meeting held on 3<sup>rd</sup> July 2014 while appreciating the initiative of SLBC Secretariat in consolidating Bank-wise data on MSME units desired to present the data in future as region-wise, so as to get the clear picture of MSME units financed by banks and MSME units turned sick in Jammu & Kashmir regions.

SLBC Secretariat has received the data from 21 banks, including three major banks i. e J&K Bank, SBI and PNB but none of the Banks have submitted the region-wise/ district-wise bifurcation of the MSME units financed despite being asked for the same.

As on 31<sup>st</sup> December 2014, out of **2,10,415** units financed (involving an amount of Rs. **8,162.01**Crore), the banks have identified **782** units (involving an amount of Rs. **95.27**Crore) as sick. Out of the total **782** units which have been declared sick by the below mentioned banks, **46** units have been declared viable and fit for rehabilitation, **667** units as non-viable and viability of **69** units is yet to be declared.

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

**(Amt. in Crores of Rs.)**

S. No	Name of the Bank	Total No. of MSME Units Financed		Out of (I) MSME/ MSE 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
		(I)		(II)		(III)	(IV)	(V)	(VI)
		A/C	Amt.	A/C	Amt.	A/C	A/C	A/C	A/C
1	JK Bank*	163614	5790.51	274	43.61	37	211	26	9
2	SBI	27609	1161.21	11	0.6	0	11	0	0
3	PNB	10667	435.99	8	0.24	0	8	0	0
4	Dena Bank	150	2.85	58	1.01	0	58	0	0
5	UBI	1176	84.32	31	3.8	0	31	0	9
6	CBI	1142	71.92	14	2.21	0	14	0	0
7	Canara Bank	1125	103.9	34	13.92	0	34	0	0
8	BOI	460	17.44	45	1.67	NIL	45	NIL	NIL
9	ACC Bank	210	2.52	210	2.52	0	210	0	0
10	J&K SFC	1019	399.17	97	25.69	9	45	43	4
11	Ut. Bank of India	19	5.64	NIL	NIL	NIL	NIL	NIL	NIL
12	BOB	64	4.59	NIL	NIL	NIL	NIL	NIL	NIL
13	ICICI Bank	378	59.97	NIL	NIL	NIL	NIL	NIL	NIL
14	Yes Bank	29	0.67	NIL	NIL	NIL	NIL	NIL	NIL
15	BCC Bank	2697	9.78	NIL	NIL	NIL	NIL	NIL	NIL
16	IDBI Bank	42	0.23	NIL	NIL	NIL	NIL	NIL	NIL
17	AXIS Bank	14	11.3	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>210415</b>	<b>8162.01</b>	<b>782</b>	<b>95.27</b>	<b>46</b>	<b>667</b>	<b>69</b>	<b>22</b>

\*The above data pertaining to J&K Bank is as of 30<sup>th</sup> September 2014

### **J&K Bank**

J&K Bank has financed 1,63,614 MSME units in J&K State involving an amount of Rs.5,790.51 Crore. The Bank has declared 274 units (Rs.43.61 Crore) as sick out of which 37 units have been declared viable, 211 as non-viable and the viability of remaining 26 units is yet to be determined by the bank. The bank has put 9 units under nursing out of the 37 units which have been declared viable.

### **State Bank of India**

State Bank of India has financed 27,609 MSME units in J&K State involving an amount of Rs.1,161.21 Crore. The Bank has declared 11 units (Rs.0.60 Crore) as sick and non-viable.

### **Punjab National Bank**

Punjab National Bank has total exposure of Rs.435.99 Crore spread over 10,667 MSME units. The Bank has declared 8 units (Rs.0.24 Crore) as sick and non-viable.

### **Dena Bank**

Dena Bank has financed 150 units with exposure of Rs.2.85 Crore. The bank has declared 58 units (Rs.1.01 Crore) as sick and non-viable.

### **Union Bank of India**

Union Bank of India has total exposure of Rs.84.32 Crore spread over 1,176 MSME units. The Bank has declared 31 units (Rs.3.80 Crore) as sick and non-viable.

### **Central Bank of India**

Central Bank of India has financed 1,142 units with total exposure of Rs.71.92 Crore. The bank has declared 14 units (Rs.2.21 Crore) as sick and non-viable.

### **Bank of India**

Bank of India has total exposure of Rs.17.44 Crore spread over 460 MSME units. The Bank has declared 45 units (Rs.1.67 Crore) as sick and non-viable.

### **Canara Bank**

Canara Bank has total exposure of Rs.103.90 Crore spread over 1,125 MSME units. The Bank has declared 34 units (Rs.13.92 Crore) as sick and non-viable.

### **Anantnag Central Cooperative Bank**

ACC Bank has total exposure of Rs.2.52 Crore spread over 210 MSME units. The Bank has declared all the 210 units as sick and non-viable.

### **J&K SFC**

J&K SFC has financed 1,019 MSME units in J&K State involving an amount of Rs.399.17 Crore. The Corporation has declared 97 units (Rs.25.69 Crore) as sick out of which 9 units have been declared viable, 45 as non-viable and the viability of remaining 43 units is yet to be determined. The Corporation has put 4 units under nursing out of the 9 units which have been declared viable.

### **Other banks**

United Bank of India, BOB, ICICI Bank, Yes Bank, IDBI Bank, Axis Bank and BCC Bank have exposure in MSME sector but non of the units have been declared sick.

**Federal Bank, Corporation Bank, OBC and JCC bank have not financed any MSME unit.**

**In light of above figures the house may deliberate the issue.**

**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 SLIIC 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 for drawing a roadmap and finalize modalities viz-a-viz their rehabilitation/ revival. The Directorate of I&C, Deptt Kashmir/ Jammu have submitted the list of sick MSME units which have been cleared by the Sub-Committee formed by the Government, for rehabilitation/ revival.

**District-wise position of Sick but potentially viable MSME units which have been cleared by the State Level Rehabilitation Committee (SLRC) for rehabilitation/ revival**

**Kashmir Region**

S. No	Name of the District	NO. of sick MSMEs units cleared for rehabilitation
1	<b>Srinagar</b>	49
2	<b>Ganderbal</b>	5
3	<b>Budgam</b>	6
4	<b>Pulwama</b>	10
5	<b>Kulgam</b>	6
6	<b>Anantnag</b>	7
7	<b>Kupwara</b>	3
8	<b>Baramulla</b>	12
9	<b>Bandipora</b>	6
	<b>Total</b>	<b>104</b>

## Jammu Region

S. No	Name of the District	NO. of sick MSMEs units cleared for rehabilitation
1	Jammu	1
2	Samba	1
3	Poonch	1
	<b>Total</b>	<b>3</b>

**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 SLIIC. The decisions of the previous meetings 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 “Facilitation Committee on Rehabilitation of Sick MSME units” to meet fortnightly for drawing the future roadmap and finalize all the modalities viz-a-viz rehabilitation/ revival of sick MSME units. The committee, in consultation with banks, shall devise a common format for declaring the MSME units as sick.**

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

#### **J&K Bank**

J&K Bank has informed that out of the 69 sick MSME units cleared by the Sub-Committee for revival / rehabilitation in Kashmir region 15 cases pertain to J&K Bank. Out of the 15 units two units viz M/S Rana Industries IGC Lassipora and M/S Eaden Industries I.E. Khonmoh have already been rehabilitated by the bank but these again turned NPA soon after disbursement. Another two units viz M/s Tabasum Spices I.E Khonmoh and M/S Emm Ess Ko Lal Bazar have liquidated the bank liability, and the Promoters' of all the other units have been contacted by the concerned branches of the bank with the request to submit formal rehabilitation proposals.

It was informed that bank can dispose off the rehabilitation cases in a time bound manner once received from the borrower. The bank has already created committees at Zonal office levels to ensure time bound disposal of proposals.

State Bank of India has informed that the bank has only sick 12 MSME units which have been declared non viable.

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

**Other 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**

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

**a) Small Committee comprised of members from Industries Deptt., SFC and FCIK constituted in the 2<sup>nd</sup> meeting of the Sub-Committee of SLIIC to decide upon the issue regarding release of collateral securities held by J&K SFC in respect of MSMEs units who had gone for OTS, and issuance of NOCs.**

In 2<sup>nd</sup> meeting of the Sub-Committee of SLIIC, the representative of FCIK had pointed out that J&K SFC is not issuing NOCs 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 was constituted to decide upon the issue once for all.

The committee was restructured by the forum in the previous meeting of SLIIC held on 3<sup>rd</sup> July 2014. The new composition of the committee is given hereunder:

- |  |               |
|--|---------------|
| 1) Joint Director (M&P), Industries & Commerce (Kashmir) | -----Convenor |
| 2) DGM, State Financial Corporation                      | ----- Member  |
| 3) President, FCIK                                       | ----- Member  |

The issue is being regularly discussed in every meeting of Sub-Committee of SLIIC but no concrete solution has come out despite constitution of the separate committee in this regard.

In the previous meeting of SLIIC held on 3<sup>rd</sup> July 2014 the forum after having threadbare deliberations on the issue decided that **“State Financial Corporation should release securities and issue NOCs to all the unit holders who have settled their cases with them and the issue be also taken up with Managing Director SFC by aforementioned Committee in its forthcoming meeting”**

The 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 from J&K Bank and SBI .

**J&K Bank**

As per J&K Bank Communiqué dated 15.1.2015, Director Industries & Commerce Deptt. vide mail dated 20.11.2013 and letter vide no JKB/CHQ/A&AP/2014-4951 dated 24.03.2014 was requested to furnish the detailed list of cases sponsored with name of business units / offices to which the cases were referred for enabling the Bank to pursue for expeditious disposal on merits but no response has been received from DIC till date

**SBI**

SBI has informed that the Bank has sensitized all its operational level in J&K State for disposal of Government Sponsored cases within a stipulated time frame and rejection/ return of cases on valid reasons and not on flimsy grounds.

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.**

**C) Facilitation Committee on rehabilitation of Sick MSME units**

The Sub-Committee of SLIC in its 4<sup>th</sup> meeting held on 8<sup>th</sup> February 2014 constituted a small committee under the name of “**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 forum decided that Facilitation Committee shall meet every fortnight to draw a roadmap for rehabilitation of Sick Industrial Units and report the outcome to J&K SLBC.

The Chairman of the Sub-Committee of SLIC during the previous meeting of SLIC held on 3<sup>rd</sup> July 2014 informed the forum that Financial Commissioner, Industries & Commerce Department in the recently held SLRC meeting has mandated **Facilitation Committee on rehabilitation of Sick MSME units** for finding out the actual number of sick MSME units that existed in the State and subsequently drawing a roadmap for their rehabilitation/ revival.

J&K SLBC has not received any information regarding the holding of meetings of **Facilitation Committee till date.**

**Industries & Commerce Department (Kashmir) may apprise the forum the outcome of the Facilitation Committee.**

**Forum may deliberate the issue.**

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