

Agenda / background papers for Special Monthly meeting of J&K SLBC on flow of credit to MSME Sector in J&K

1. **Confirmation of Minutes of the Special Meeting of J&K SLBC:**

RESERVE BANK OF INDIA INITIATIVE:

The Reserve Bank of India vide their Circular No. RBI/2008-09/324 dated December 16, 2008 (**copy enclosed for ready reference as Annexure-A**), announced a number of initiatives to ensure enhanced credit delivery to the employment intensive micro and small enterprises (MSE) sector in order to counter the adverse impact of global financial meltdown on the Indian economy.

These initiatives were deliberated upon in a special meeting of J&K SLBC held on 20.12.2008 at Jammu, where the Regional Director, RBI clarified that lot of emphasis has been given on re-structuring of the accounts without any consequential change in the status of the account viz-a-viz NPA norms and said that the account will continue to enjoy the same status, which is beneficial to both the bank as well as the borrower.

In the said meeting the RBI also informed that at national level Micro, Small and Medium Enterprises (MSME) (Refinance) Fund has been created with SIDBI to which Rs.2000 Crore are to be contributed by the banks on the basis of projected shortfall in achievement of sub-target of 10% for lending to weaker sections and RBI has provided a refinance limit of Rs.7000 Crore for incremental on-lending to the sector directly and through the banks, NBFCs and SFCs.

Minutes of the said special SLBC meeting were circulated vide this office No.LBD/SLBC-74/2009-436 dated January 09, 2009 for desired action (copy enclosed-as **Annexure-B**). As no amendments to the said minutes have been received from the members, **the house is requested to confirm the same.**

2. **GOVERNMENT OF INDIA INITIATIVE:**

The Government of India, Ministry of Finance, Department of Financial Services, New Delhi, vide their communication bearing No. 21/01/09-Dev dated 12.1.2009 forwarding a copy of the IBA special package on MSMEs, Housing and Auto sectors (IBA No. CE/270/08 dated 16th December 2008) for implementation advised all the SLBC Convenor Banks to hold special monthly SLBC meetings to oversee the resolution of credit issues of MSMEs and duly focusing primarily on the implementation of the said IBA package. **Copies of Gol letter and IBA package enclosed for ready reference as Annexures C & D.**

3. Further, the Govt. of India, Ministry of Finance, Department of Financial Services vide letter No. 21/01/09-Dev. Dated 16.1.2009 enclosing therewith a copy of DO letter bearing No. DPE/13(24)/08-Fin. From Ministry of Heavy Industries & Public Enterprises, Gol, addressed to Chief Ministers of all the States advising them to issue suitable instructions to the State Public Sector Enterprises and Electricity Boards for making prompt payment of bills of MSMEs. In the said letter the Govt. of India, MoF advised that the said matter be also monitored alongwith credit flow to MSME in the Special SLBC meetings. **(Copies of both Gol communications enclosed as Annexures E & F).**

In the backdrop of the guidelines issued by Gol and the instructions issued by J&K SLBC office and the data collected, compiled as at the end of February, 2009 and presented as per Annexure-G, the house is requested to review the bank-wise progress in the implementation of IBA package and Gol guidelines for enhancing credit flow and oversee the resolution of credit issues to MSMEs in J&K.

Annexure-G

Review of credit flow to MSMEs sector in J&K State and other related issues.

The data as of ending February 2009 received from the member banks reflect the following position:

Particulars	Cumulative position as on 31 st Dec. 2008		During the month of Jan. 2009		Cumulative position of at end of Jan. 09	
	No. of a/cs.	Amount (in Crs.)	No. of a/cs.	Amount (in Crs.)	No. of a/cs.	Amount (in Crs.)
(1) Credit Flow to MSME:						
• Sanction of working capital loans (New)	1424	42.13	166	25.42	1590	67.55
• Sanction of incremental working capital loans (existing units)	397	34.32	57	19.59	454	53.91
• Restructuring of MSME Accounts	11	13.72	17	29.26	28	42.98
• Sanction of loans for purchase of Gen Sets on soft terms.	14	0.19	13	0.45	27	0.64
Sub-Total (A)	1846	90.36	253	74.72	2099	165.08
(2) Sanction of Housing Loans:						
• Loans upto Rs.5 lakh	2203	39.84	924	15.67	3127	55.51
• Loans from Rs.5 lakh to Rs.20 lakh	229	19.12	50	4.09	279	23.21
• Loans above Rs.20 lakh	10	2.33	1	0.23	11	2.56
Sub-Total (B)	2442	61.29	975	19.99	3417	81.28
(3) Sanction of Auto loans:	1912	52.01	313	9.36	2225	61.37
Sub-Total (C)	1912	52.01	313	9.36	2225	61.37
Grand Total (A+B+C)	6200	203.66	1541	104.07	7741	307.73

Memo items:

(i) Interest rates (range) charged on loans sanctioned:

MSME loans	Housing loans			Auto loans
	Loans upto Rs.5 lakh	Loans from Rs.5 lakh to Rs.20 lakh	Loans above Rs.20 lakh	
...

... **Detailed statement enclosed** ...

(ii) Note on Progress in redressal of grievances in MSME Care Centres:

... **No data provided by banks...**

(iii) Details of instructions issued by State Government to State Public Sector Enterprises (STPSEs) and Electricity Boards:

... **No data provided by Government side...**

(iv) Details of action taken by STPSEs and Electricity Boards:

Amount of bills paid by the STPSEs and Electricity Boards during the month	Amount of bills pending with STPSE and Electricity Boards at the end of the month.(*)
...	...

(*) Reasons for pendency in brief.

... No data provided by Government side...