

Ref. No. 7b/7660

13 Mar. 09

To,
The Executive Director
Udoyg Bandhu
12-C, Mall Avenue
Lucknow

Kind attention: Shri V.K.Seth

Subject: Agenda Points for Working Groups related to Banking.

Sir,

As desired by you we are submitting the following sample issues/problems for including in the Agenda of Banking Working Group Meeting scheduled to be held in near future. The problems narrated in the proposed Agenda are being faced by many industries in the State, as such may kindly be discussed as a policy matters also apart from treating as the individual cases.

1. **Full & Final Settlement of the Accounts of Star Rubber Pvt. Ltd, with SBI, Meerut** :- This is a typical case on how an Industry has fallen sick due to non cooperative attitude of the Bank. M/s Star Rubber Pvt. Ltd, requested for enhancement of the Credit Limits for which SBI, I.E. Partapur Branch Meerut asked for security. The unit provided the security but the Credit Limit was not enhanced by the bank as committed. As a result due to paucity of working capital and on account of delays and insufficient financing the unit became sick. Thereafter the unit was not allowed to operate the account and the account became non performing. The Bank issued a legal notice of about 12 Lacs and the Unit was threatened that the collateral will be invoked.

Under such circumstances the unit approached the Bank for amicable settlement and with great difficulty deposited Rs. 11 lacs in the Bank. The unit is continuously approaching the bank for settlement and revival of the unit but is not getting favourable response.

M/s Star Rubber Pvt. Ltd approached IIA for getting the matter shorted out in Aug. 08. IIA submitted the case for discussion in the SLIIC Sub Committee Meeting vide our letter no.2E/7431 dated 19 Aug. 08, copy enclosed for ready reference at **Annexure-I**. SLIIC Sub Committee Meeting has not be held since then the matter is still pending for disposal. The details of the problem as received from M/s Star Rubber Pvt Ltd. are enclosed at **Annexure-II**.

2. **Issue related to rehabilitation of M/s Ziya Bone Mills Nanpara Bahraich.**
:- In a divisional Udyog Bandhu Meeting held on 29 March 06 M/s Ziya Bone Mills Nanpara Bahraich was declared sick. The committee decided that the unit will carryout repair & maintenance of their plant from their own resources and the bank will help the unit in rehabilitation. The unit is served by Lucknow Regional Gramin Bank Nanpara Bahraich with a term loan of Rs. 2.2 lacs in 1995 whereas the unit have provided a security in the form of its property

worth Rs. 65 lacs to the bank. The unit needed Rs. 14 lacs as working capital but the bank provided only Rs. 4 lacs. Due to lack of working capital the unit could not perform to the full capacity and fell into a negative vicious circle.

The issue of rehabilitation of the unit was being discussed in Divisional Udyog Bandhu for more than 1 and ½ year without any tangible results. Lately the matter was brought to the notice of IIA in Aug.08 and we submitted the case for discussions in SLIIC Sub Committee Meeting. The matter has not been taken up in SLIIC till date. Copy of IIA Letter and the details of the case are enclosed at **Annexure-III** for ready reference. It is also submitted for kind information that Director Industries, U.P. have also recommended the matter to be taken up in SLIIC vide letter dated 23/6/08, copy enclosed at **Annexure-IV** for ready reference.

3. **OTS proposal of M/s Suman Corogative Industry Saharanpur**:-The unit is financed by Oriental Bank of Commerce Moti Chauk Saharnapur and their account was declared NPA about 2 years back. Thereafter the unit deposited 1.89 lacs in the bank and is yet to pay principle amount Rs. 5.8 lacs and interest amount of Rs. 2.95 lacs. Though the unit is sincerely committed to pay back the loan and interest to the bank yet due to unavoidable circumstances they were not able to do so. Hence they requested for OTS on 16 Feb. 09 which the bank have turned down. The unit submitted another OTS proposal on 3rd March 09 wherein they offered to pay Rs. 6 lacs. Details of the case as submitted to IIA are enclosed at **Annexure-V**. Bank have not responded favourably till date to the unit.
4. **Shifting of SSI Branch of Bank of India from Industrial Area to Residential Area in Kanpur** :- Bank of India was operating its SSI Branch at 52 A, Cooperative Industrial Estate, Dada Nagar Kanpur till recently. Surprisingly the branch has been shifted to Geeta Nagar, Kanpur, which is a residential area without consulting the customers. It is highly inconvenient for the SSI units to operate their account in the place where the branch has been shifted now.

IIA have represented this issue to the Chairman BOI vide our letter no. 37/7644 dated 24th Jan. 09, copy enclosed at **Annexure-VI** for ready reference. We did not receive any response till date hence request to discuss this matter in the working group.

Thanking you

Yours truly,

D.S. Verma
Executive Director

Ref No. 7B/7691

6 April 2009

To,
The Executive Director
Udyog Bandhu
12-C, Mall Avenue
Lucknow

Kind attention: Shri V.K.Seth

Subject: Agenda Points for Working Groups related to Banking.

Dear Sir,

We refer to our earlier letter no. 7b/7660 dated 13 March. 09 on the subject stated above and telephonic conversation I had with Mr. V.K. Seth today. It is to inform you that the proposed Agenda Points at Sr. No. 1 to 3 in our earlier letter though are individual cases but are pending for disposal for very long time due to SLIIC Sub Committee Meeting not held for more than one year now. The matters were not sent for Tripartite Meeting being out of the scope of this forum. These issues are some how related to the banking policy implementation also.

It is therefore requested that the cases may be discussed at this high level forum of the Working Groups in Udyog Bandhu.

Thanking you

Yours truly,

D.S. Verma
Executive Director