

•,E: •I~Ä•,¥,„, Yēp fÄ
Telegram: BANKCHALAN, MUMBAI

ÜWÆ, 7,6 / Fax No.
0091-22-2183785, 2188770

fÄ-Y,¥, ^Ä, e,„, / E-mail address
<rbidboco@bom3.vsnl.net.in>

Ž . E . ú i : 1 E { . . Ä . I ~ Ä
^ K I ú i : ^ Ä . i . ¥ . i .
• I ~ Ä S , e 1 E • ¥ , „ , ü E 1 ~ Ä , 7 , 1 ~ Ž , S ,
^ K I - 1 1 ~ © : ; e E ^ K I
^ Ä C Ä e E ¥ , ^ Ä o ¥ , „ , Yēp f Ä - 4 0 0 0 0 5
RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS AND DEVELOPMENT
CENTRE - 1, WORLD TRADE CENTRE
CUFFE PARADE, COLABA, MUMBAI - 400 005

' ¥ , Ü C Ä o , „ , 6 / Telephone No.
2189131 - 39

e,0- ' • , | E - 7 , 7 , 6 /
Post Box No. 6089

„,ü- , ¥ ^ Ä , e,„, / VSAT address
<cgmincbod@rbi.org.in>

1 - > T M ü , „ , „ , „ - 3 / 4 f 7 , ^ Ä , ü i , „ „ „ , „ • , 0 f †

RBI/2004/108

DBOD.BP.BC.77 /21.04.012/ 2003-04

April 21, 2004

The Chairman of all Scheduled
Commercial Banks (excluding RRBs)

Dear Sir,

RELAXATION TO TRADE AND INDUSTRY IN THE STATE OF JAMMU AND KASHMIR

Please refer to our circular DBOD.No.BP.BC.97/21.04.012/2002-2003 dated 24th April 2003 extending the period of concessions/credit relaxations to borrowers/customers in Jammu and Kashmir up to 31 March 2004.

2. With a view to ensuring larger flow of credit to trade and industry in the State on the one hand and bringing about appropriate changes in the monitoring mechanism on the other, the position in regard to relaxations/concessions announced from time to time has since been reviewed and the following comprehensive package of concessions / relaxations is recommended for immediate implementation by banks operating in the State of Jammu and Kashmir. The concessions / credit relaxations to borrowers / customers in the State of Jammu & Kashmir will be operative for a further period of one year, i.e., up to **31st March 2005**.

(i) Increased working capital facilities may be sanctioned by the bank depending on the merits of each case. For small borrowers in the unorganised sector, relaxation up to a maximum of 50% of the norms accepted for last sanction may be allowed depending on merits. Benefits of relaxed norms may be extended as realistically as possible to such borrowers. As regards changes in the level of credit on purchases, the banks may take a realistic approach for all borrowers.

(ii) All borrowal accounts, irrespective of whether ad-hoc facilities were sanctioned in the past or not, would be subjected to review by the concerned banks within a period of three months and need based increased working capital facilities may be sanctioned to borrowers without delay.

(iii) Finance against accepted hundies (Usance bills) should be encouraged

(iv) Concessions may be given in service tariffs for remittances. The same may also be extended to collection of outstation bills/cheques.

(v) The banks may honour small Fixed Deposit Receipts, say up to Rs.10,000/- of the Kashmiri migrants at the designated branches without verifying details from the branch of origin against indemnity bond, where necessary.

(vi) The following other existing concessions indicated below may continue :-

- (a) For term credits, the banks may adopt a flexible and pragmatic approach as regards debt-equity ratio, especially for small projects. Rescheduling of the repayment programme may also be allowed in deserving cases.
- (b) The banks may review all irregular accounts within a time-frame of three months with a view to exploring the possibilities of regularising them through sanctioning additional working capital facilities.
- (c) Period of realisation of bills purchased and advance bills for collection may be extended up to one month by Branch Managers.
- (d) Liberal acceptance credit / L.C. facilities may be extended to facilitate purchases on credit. The margin for bank guarantees and inland letters of credit should not exceed 15 per cent depending on merits of each case.
- (e) The facility for transfer of bank accounts/ funds maintained with their branches in the valley to some other designated/ specified branch/es outside the Valley, at the request of their customers, may be continued with necessary safeguards so that unauthorized withdrawals or transfers are not encouraged. Similarly, banks may arrange to designate specific branches outside - the Valley to receive instruments drawn on their branches in the Valley.

We shall, be glad if you will kindly ensure that suitable guidelines are issued to the branches operating in the Jammu and Kashmir on the revised package outlined above.

Other general measures and actions

3. (a) Banks may take special steps to educate and inform the managers and controllers of their branches in the State about the details of package on the one hand and corporate strategies for implementing these on the other.

(b) Also, in each district of the State, the lead bank may convene banker-customer meet, to which top district level State Government officials could also be invited.

(c) The banks in the State should make special endeavours for avoiding delays in all matters of providing banking services. Clearance of instruments, both local and outstation, should be prompt. A review of systems and procedure in vogue may also be undertaken for achieving the above objective. Necessary delegation of authorities may also be made expeditiously in this context.

(d) The power of rejection of any concession should vest in an authority above the immediate controlling tier of the concerned branch.

(e) It may be emphasised that additional fund requirements for implementing the package may be dovetailed into corporate fund deployment strategy of each bank so that higher flow of credit to the borrowers in the State could be effected within a reasonable period of time.

(f) Submission of quarterly data by branches of banks on progress made in implementing the package of concessions may be an integral part of the corpus of control returns to facilitate effective monitoring.

Implementation and Monitoring arrangements

4. (i) Special Cells for monitoring implementation of the package may be formed in all banks operating in the State at the Zonal Office level, if not already formed. The cells would also act as grievance redressal agency for the respective banks. The cells would convene quarterly meetings with credit users, which should be attended by a senior official from the corporate office.

(ii) At the State level, a committee comprising representatives of major banks, State Government, Trade and Industry would sort-out problems/ grievances against banks. The State level committee would also review the progress made in implementing the package on the basis of quarterly data. Convener, State Level Bankers' Committee, would provide secretarial support to this Committee. Review reports of the State Level Committee may be forwarded to local office of Reserve Bank of India for follow-up action.

5. Suitable instructions may please be issued to your controlling / branch offices in this regard.

6. Please acknowledge receipt.

Yours faithfully,

(C R Muralidharan)
Chief General Manager-in-Charge