

**Minutes of the 9<sup>th</sup> meeting of Sub Committee of State Level Bankers Committee (SLBC) for export Promotion for J&K State held on 25<sup>th</sup>, August 2017 at Jammu & Kashmir Bank, Corporate Head Quarters, Srinagar.**

The 9<sup>th</sup> Meeting of the Sub Committee of State Level Bankers Committee (SLBC) for Export Promotion for the J & K State was held on 25<sup>th</sup> August 2017 at the Jammu & Kashmir Bank Corporate Head Quarters, Srinagar. The meeting was presided over by Mr. Vagish Chander Sharma, Executive President J&K Bank (Convener J&K SLBC).

Mr. Fayaz Ahmad Zargar, Vice President, A&AP Department, Corporate Head Quarters, Srinagar, while welcoming the participants stressed upon the importance of such meetings in understanding the problems faced by the exporter community for getting timely support from the Banks/other agencies. He also highlighted the importance of the role being played by the banks operating in the state. Further, he informed the members that J&K Bank has been very proactive in extending helping hand to the exporter community of the state and expected other banks also to come forward in extending liberal credit to the exporters of the State. He informed the gathering that the economy of the J&K State mainly depends on the tourism and related activities which includes export of handicrafts. He further added that although handicrafts sector have been able to sustain in conventional markets like US, Europe and Middle East yet the exporters should stress upon to explore new markets and expand their reach. He informed the gathering that the exports from the region are exhibiting declining trend during last two to three years due to economic slowdown in European Markets and unfavorable business conditions in the valley during the 2016 riots which affected the business community and exporters in the state to a large extent. Merchandise export remains under pressure due to weak demand in Euro zone and petroleum exported countries. Entire Europe is presently facing serious economic crisis. He also presented the figures for the outstanding export credit and turnover in the J&K state for which input was available from J&K Bank only. J&K Bank has achieved export turnover of Rs 1743.58 crores during FY 2016-17 as against Export turnover of Rs 1555.71 in FY 2015-16. Further J&K Bank has achieved export turnover to the tune of Rs 306.00 crores at the end of 1<sup>st</sup> qtr of FY 2017-18 as against Rs 192.00 crores at the end of corresponding period of previous FY 2016-17. He requested the trade bodies/banks to play an active role in providing support/guidance to the new entrepreneurs. He further noted with concern that other participating Banks had not shared their performance on export credit with the Committee, so that a holistic view can be taken.

Mr. Vagish Chander Sharma Executive President J&K Bank (Convener J&K SLBC) welcomed the participants and outlined the purpose of the meeting. He expressed deep concern over the non-submission of information by the banks. He expressed concern that in absence of such data the purpose of holding such meetings gets diluted. He requested other banks to share their data so that the meaningful discussions could be held and purpose of the meeting could be achieved. He further informed the gathering that the CD ratio in J&K state is far below when compared with the rest of India and as per the guidelines of Reserve Bank of India the CD ratio in the state needs to be improved to 60% by March 18. He further informed that there is huge potential of lending in state in all the sectors including export sector. He further added that it is the duty of all the banks to see that there is adequate financing in all the economic sectors

including exports so that the overall economic conditions of the state is improved particularly after devastating flood in 2014 and unrest in the valley in 2016 due to which the business in the State has badly suffered. He further impressed that there is the larger responsibility of the banks operating in the state to come up and extend support to all the relevant economic sectors including export sector so that the overall economy of the state is revived. He expressed hope that all the banks will come forward to meet the aspirations of the export community and extend liberal finance to exporters so that they are able to meet the competition in the international market and also enable them to revive their business particularly aftermath the devastating floods in 2014 and unrest in the valley in 2016. He also requested the trade bodies and export community to highlight their concern relating to export finance from banks so that there is expeditious resolution to their concerns. He also requested the trade bodies to discuss the export related issues pending with other government agencies so that they can be mutually taken up at the appropriate forum so that a permanent solution can be find out to these problems. He further emphasized that whenever such meetings are held, data should be available for evaluation. He however expressed his satisfaction on part of the J&K Bank in disbursing credit to the exporter community of the state proactively.

Mr. Rakesh Gandotra, Vice President J&K Bank informed that there is huge potential of exports in the state particularly for handicrafts products, agricultural products, horticulture products, etc. He expressed concern over the fact that percentage of export credit when compared to overall credit outstanding of the state is far below the expected lines. He expressed his displeasure about non submission of export related data by member banks. He requested the banks/government agencies/trade agencies to widely publicize the incentives available from Govt of India on export finance as lack of awareness about the incentives available for export is one of the main reasons that the exports in the State are not picking up at the expected levels.

The minutes of the 8th Sub-committee of SLBC for export promotion circulated vide **JKSLBC/Export/2016-46 dated March 31, 2016** and uploaded on SLBC website [www.jkslbc.com](http://www.jkslbc.com), and action taken regarding various action points by concerned Departments/institutions were confirmed and agenda points for 9th meeting of SLBC were taken up for discussion.

- **Issues faced by exporters in getting timely and proper export credit (Packing credit & Post-Shipment Credit) from the Authorized commercial banks(AD's ) operating in the J&K State.**

Representative from FCIK Mr. Haji Muzaffar Ahmed, Senior Vice President and Mr. Nasir Bukhari General Secretary expressed dismay over the performance of nationalized banks and informed the chair that they are reluctant to lend to the exporters of the state. He expressed that it has become a routine matter wherein officer from these Banks do not report for meeting, and even those who attend the meeting are without the requisite data. Mr. Mushtaq Ahmad, Assistant Director Handicrafts Department informed that the exporters don't repose trust on banks other than J&K Bank. As per the data shared by handicrafts department regarding export realization in handicrafts sector of J&K State, out of total export realization of 259.37 crores in the 1<sup>st</sup> quarter of CFY 2017-18, the share of J&K Bank alone is 251.47 crores. Rest Export realization in Handicrafts Sector is 1.75 crores by SBI, 5.86 crores by HDFC Bank and 0.29 crores by UCO Bank. Mr. Nasir

Bukhari General Secretary FCIK expressed that the banks other than J&K Bank are reluctant to lend in the state and their focus is mainly on the deposits. He informed that Banks are commercial organization and exposure in export credit is not a charity for the banks. Every transaction in export credit generates earnings for the Banks and therefore Banks should not shy away from lending in export sector. Mr Mushtaq Ahmad, Assistant Director Handicrafts Department further added that the banks should proactively come forward and approach the exporters with the notion that they are there to serve them. He further elaborated that when the banks are lending to the exporters they are in turn getting their earning from them. Banks are the partners in their progress and as such should not shy away from lending to the exporters community. Executive President expressed concern over the performance of other banks in the export credit and advised the banks to come up with figures on export credit.

**Action: Banks**

- **Exporters' issues if any regarding Duty Drawback, DEPB and other incentives provided by GOI.**

Mr. Fayaz Ahmad Zargar Vice President J&K Bank informed that the issue of interest subvention as was raised in the previous meetings stands resolved as Reserve Bank of India has come up with an interest equalization scheme in December 2015 effective from Its April 2015 wherein 3% interest subvention is passed on to eligible exporters upfront by the Banks.

Mr. Nasir Bukhari, General Secretary FCIK expressed that there is lack of awareness among the exporters regarding the various facilities available from DGFT, ECGC & banks and requested that these organizations should conduct awareness programmes for the exporters to make them familiar about the various facilities/incentives available with them. He further added that there should be a proper calendar for conducting such workshop by banks and all other stake holders.

Mr. Rakesh Gandotra, Vice President J&K Bank informed that J&K Bank is conducting such awareness programmes on regular basis. He stressed that active participation of trade bodies in this regard in identifying entrepreneurs/exporters for the programme shall make such programmes fruitful. Mr. Rakesh Gandotra, Vice President J&K Bank emphasized that the trade bodies should propose a date and a list of participants to J&K Bank and all the stake holders and the respective stake holders in turn should conduct such programmes in coordination with trade bodies on regular basis. He assured that the J&K Bank will shortly conduct such awareness workshop wherein exporters, trade bodies and all the concerned departments shall be invited so as to make it more fruitful. He further informed the participants that J&K Bank shall be at the forefront in supporting all the business activities which will add value to the economic profile of the state. He advised that all the participant/ stake holders should contribute to the resolution of the issues for the betterment of the exporter community and for the betterment of the commercial organizations.

Mr Mushtaq Ahmad, Assistant Director Handicrafts Department further highlighted the issue of setting up of the EDI in J&K State by DGFT. Mr Mushtaq Ahmad, Assistant Director Handicrafts Department further elaborated that although DGFT has provided the service of online generation of IE code, But expressed dismay that the servers are not working well which hinders the process of IE Code generation. Representative from DGFT were not available for any remarks.

**Action: Banks/Trade Bodies/DGFT/ECGC/Handicrafts Deptt.**

Mr D. K. Kashyap DGM, Reserve Bank of India highlighted the importance of holding such meeting for not only economic growth of a particular state but overall forex generation of the country. While expressing the importance of such meetings, he added that the same has not received due attention as required. He requested all the bankers to give it due attention and regard because this is an important platform wherein the problems faced by the exporters can be sorted out at a single place. He informed that exports all over the country are getting a lot of attention and steps are being taken out to make the processes simpler. He further elaborated that Reserve Bank of India on its part has taken various initiatives for streamlining the processes. One such initiative is consolidation of all regulatory guidelines in Master Directions which can be easily accessed from RBI Website. Reserve Bank of India has also developed IT Platform wherein the outstanding export realizations are being monitored and steps are being initiated to find out the reasons of outstanding export realizations and follow up taken by AD banks. Further Reserve Bank of India is also conducting customer service meeting every quarter to sort out the problems faced by the exporter's community.

Mr Abdul Rashid Sheigan, President J&K Bank expressed immense gratitude to Mr. D K Kashyap DGM Reserve Bank of India for sparing valuable time to attend the meeting and thanked him for sharing valuable information, knowledge and concerns. He requested convener and other participants to address the concerns expressed by DGM Reserve Bank of India. Mr. Abdul Rashid Sheigan, President J&K Bank appreciated representatives from trade bodies and participants in sparing their precious time and thanked the participants for attending the meeting.