

**Minutes of the 6th meeting of Sub-Committee of State Level Bankers Committee (SLBC) for Export Promotion for J & K State held on 28, June 2014 at Jammu & Kashmir Bank, Corporate office ,Srinagar.**

The 6th meeting of the Sub-committee of State Level Bankers Committee (SLBC) for Export Promotion, for J & K state, was held on 28, June 2014 at the Jammu & Kashmir Bank Corporate office Srinagar. The meeting was presided over by Mr. Parvez Ahmed, Executive President, Jammu & Kashmir Bank (Convenor J&K SLBC). The detailed list of participants is enclosed as Annexure A.

The meeting started with welcome address by Mr. Rakesh Gandotra Vice President, Foreign Exchange Business Department Corporate Headquarters Srinagar. While welcoming all the members/participants to the meet, Mr. Rakesh Gandotra informed the members that J&K state has a huge potential to export goods and services which has not been tapped to the optimum level. He highlighted the role of J&K Bank in serving the export community of the state. He further highlighted the fact that out of the total handicraft export of Rs. 1700 Crores, 1342.23 Crores of business was routed through Jammu and Kashmir Bank business units in the state amounting to 78.95% of the total business. He also informed the house that J&K bank has devised tailor made schemes for artisans and craftsman to cater to their specific requirements which would in turn boost export of such products.

Mr. Parvez Ahmed, Executive President, J & K Bank, while welcoming the participants, outlined the purpose of the meeting and highlighted various issues in the agenda for the meeting which needed discussion /deliberation of the house. While speaking on the occasion he desired that such meetings shall be held on 6 monthly basis as required by RBI guidelines and a dynamic process shall be evolved for the following up of agenda points and for resolution of policy issues. It was decided that the next meeting of SLBC for export promotion shall be held in Jammu in the month of December-14. He requested all stake holders to have a proactive approach in making such meeting more meaningful. Earlier Mr. Ali Mohammad Shirazi Chairman FTC ,CCIK Chamber had informed that the minutes of last meeting were not available with them .Replying to his query Mr. Karanjit Singh Assistant Vice President ,J&K Bank informed that the minutes of the last meeting are available on SLBC website of the bank. Mr. Parvez Ahmed, Executive President, J & K Bank however observed that agenda points for the meeting along with background papers should have been circulated well in advance to the participants and advised that this procedure be followed in future meetings. Thereafter agenda items were taken up for discussion.

The minutes of the 5<sup>rd</sup> SLBC Sub-committee Meeting held on 22.07.2013 circulated vide letter JKSLBC/Export/2013-363 dated August 29,2013 and uploaded on SLBC website [www.jkslbc.com](http://www.jkslbc.com) were confirmed and agenda points for 6<sup>th</sup> meeting of SLBC were taken up for discussion one by one.

- **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.**
  - No major issue relating to export credit dispensation was raised in the meeting. However Mr. Ali Mohammad Shirazi Chairman FTC ,CCIK Chamber highlighted the issue of cheaper credit available to artisans in countries like china,Pakistan,Bangladesh as against the credit available to artisans in India. He further emphasized that the rate of interest on export credit for exporters from Jammu and Kashmir, need to be reduced further both by central government as well as state government by providing subsidies. All the trade bodies present in the meet emphasized the need to reduce the interest rate on PSL/PCL facilities. Mr. Ali Mohammad Shirazi Chairman FTC ,CCIK Chamber informed the committee that at present the interest rates on PSL/PCL available to artisans of the state is in the range of 10.75%-12% while as interest rate available to artisans in Pakistan is 5.50%.He further desired that the interest subvention on export credit should be raised from 3% to 5%.
  - Mr. Mushtaq Ahmad Assistant Director Handicrafts informed the members that other competing countries like Pakistan, China, Vietnam, and Malaysia have incentivized the handicraft sector giving a tough fight to exporter from India. He further informed that there is a reimbursement scheme available under Handloom development in J&K state but has not been extended to handicraft sector. Mr. Sheikh Ashiq, President KCCI informed the members that he had few days back taken up the issue of interest subvention of 5% on export credit with Finance minister of the state who had assured him the he shall look into the matter. Mr. Parvez Ahmed Executive President J&K Bank pointed out that the case shall be followed with ministry of Finance J&K Govt. **Action-KCCI/Finance Department J&K Govt/J&K Handicrafts Department.**
  - Mr. Karanjit Singh Asst. Vice President, J&K Bank informed the committee that the benefit of interest subvention to exporters was available only upto 31.03.2014 and no instructions in this regard have been received from RBI for extending the same for further period of time.Ms. Kiran Sharma General Manager Reserve Bank of India FED, Jammu told the house that she shall check with FED, Mumbai regarding further guidelines on interest subvention and revert back. **Action –RBI/FEED,J&K Bank**
  - Mr. Mushtaq Ahmed Assistant Director Handicrafts informed the members that handicraft sector has been brought under purview of State Industrial Policy and all the incentives available to the industry are available to handicraft sector but since the sector is unorganized the unit holders are not able to avail it. Mr Shirazi Chairman FTC ,CCIK Chamber informed the members that India exports Rs.25,000.00 Crores handicrafts out of which 72% comes from unorganized sector. The members were informed that under state industrial policy every unit holder is entitled to incentives

provided he is registered with Department of Industries and Commerce as MSME. Mr. Ali Mohammad Shirazi informed that a unit holder is issued a license on registration which doesnot mentions MSME status to unit holder.Mr.Sheikh Ashiq President KCCI informed that he has taken up the issue with MSME secretary and that he has assured that the matter will be looked into. **Action-Trade bodies/Industries and commerce Department**

- **To review the progress regarding establishment inland container depot (ICD) at Srinagar**
  - Mr. Aga Aijaz, General Manager SIDCO informed the participants that the work on inland container depot (ICD) at Srinagar has been completed, and a meeting between SIDCO, Customs and KCCI shall be convened soon to discuss the modalities for operationlising the project and added that ICD shall be run under public-private partnership model. However Mr. Sheikh Ashiq ,President KCCI contested that SIDCO has been delaying the meeting for a long time and urged the committee to press upon SIDCO for convening the meeting at an earliest.Mr. Parvez Ahmed, Executive President J&k Bank advised SIDCO to convene the meeting in first week of the July-14 and urged for better co-ordination between government departments, Trade bodies and Banks.Mr. Aga Aijaz, General Manager SIDCO further informed the committee that any scheme which is export oriented will be funded by SIDCO. **Action –SIDCO/Trade Bodies**
  - Mr. .Mushtaq Ahmed Assistant Director Handicrafts informed the members that Dr. Prasad Committee besides other measures had recommended
    - a) Establishment of Special purpose vehicle
    - b) Establishment of Export Development Centre at Kashmir Haat.He further informed the members that although Export Development Centre (EDC) at Kashmir Haat has been established and DGFT has also opened their office at EDC, however but due to lack of other offices like Exim Bank branch, foreign post office and customs office the purpose of EDC is not fulfilled.Mr. Sarjan Ahmed Superintendent Customs informed that he shall take up the matter of establishment of customs office at EDC with higher authorities. Trade bodies also highlighted that in absence of permanent Dy. Director General of Foreign trade at Srinagar office , exporters from Kashmir have to wait to get their issues resolved and urged DGFT to post a permanent officer of the rank of Dy. Director General of Foreign trade at Srinagar office. **Action-Customs and Central Excise/Handicrafts Department J&K Govt/DGFT.**
  - Mr. Ashiq President KCCI raised the issue of progress of establishment of International trade centre (ITC) at Pampore. Mr. Mushtaq Ahmed Assistant Director Handicrafts informed the members that Ministry of Commerce, GOI had released Rs. Five Crores initially and the outer wall for the ITC is completed. Mr. Parvez Ahmed Executive President J&K Bank enquired about the time frame for the completion of ITC, to which Mr. Mushtaq Ahmed Assistant Director Handicrafts replied that all time frames have been

exhausted and the executing agency for the project is JKPCC. **Action Handicrafts Department/Trade bodies**

- **To take up the issue of extending the benefit of reduction in export obligation for units in J&K state to 25% of the normal export obligation to the existing industry, in addition to the new units and the time frame for fulfilling export obligation may be extended from 8years to 12 years.**

- Mr. Amit Kumar Dy. Director General Foreign Trade informed the committee that the contents of the notification have been misunderstood and the facility is available to all old and new units. He further informed that he shall personally meet the members of Baribrahmna industries association and clarify any misunderstanding about the notification. Mr. Parvez Ahmed, Executive President J&K Bank suggested that the provisions of the notification should have been communicated to the concerned association much earlier. However Mr. Amit Kumar Dy. Director General Foreign Trade replied that he has recently taken over from his predecessor and will ensure that the issue is resolved. **Action -DGFT**

- Mr. Amit Kumar Dy. Director General Foreign Trade, Srinagar informed the committee that DGFT, Srinagar intends to conduct awareness programs at institution and university levels and selected participants from such programs are sent to New Delhi for further training. Mr. Afaq qadri Sr. Vice President FCIK however suggested that trade bodies should be taken on board while conducting such awareness programs. Mr. Parvez Ahmed, Executive President J&K Bank expressed satisfaction over conduct of such programs and assured that Jammu and Kashmir Bank shall support DGFT in conducting such awareness programs. Mr. Karanjit Singh Asst. Vice President, J&K Bank informed that participants that J&K Bank shall be organizing one day workshop on foreign exchange for the entrepreneurs of the state in the month of August-14. Mr. Amit Kumar Dy. Director General Foreign Trade, Srinagar informed that DGFT office shall be glad to utilize this workshop to interact with the participants and also assured that DGFT office will support such future workshops organized by banks /other agencies to make the entrepreneurs/participants in such workshops aware of the procedural guidelines involved in the import/export business. **Action-DGFT/Trade Bodies/J&K Bank**

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

- No major issued was raised however, Mr. Sheikh Ashiq, President KCCI raised the issue of restriction on export of silk carpets from Srinagar .He informed the committee that although there is no such provision in the FTP that restricts the export of silk carpets on DA basis, still its export is not allowed from Srinagar and that he has raised the issue at different levels but the case is still pending. Mr. Parvez Ahmed Executive President, J&K bank proposed that Customs and DGFT shall provide clarification on the issue to the trade bodies. Mr. Amit Kumar Dy. Director General Foreign Trade, Srinagar informed the committee that the issue has been forwarded to policy section and shall be clarified very soon. Mr Karanjit Singh Asst. Vice President, J&K Bank requested Mr. Amit Kumar Dy. Director

General Foreign Trade, Srinagar to also take up the matter of export of handicrafts from J&K on DA basis without insisting on ECGC cover with higher ups. **Action- DGFT/Customs and central excise**

- **Industry specific problems of Handicrafts, Carpets and Chain-stitch Exporters**

- Mr. Ali Mohammad Shirazi Chairman FTC, CCIK Chamber informed the committee that the total turnover of paper Machie for the FY2013-14 was 127 Crores, but DGFT has not classified it as separate item in its FTP. However Mr. Amit Kumar Dy. Director General Foreign Trade, Srinagar clarified that it is clubbed with “others” in the item list and that there are set procedures for classifying any product /service as separate item in FTP. He further informed that the classification of goods is done by Customs department and that classification of Papier Machie as separate item in FTP is to be taken up with them. **Action- DGFT/ Customs and central excise/CCIK**
- Mr. Mushtaq Ahmad Assistant Director Handicrafts, Kashmir informed the committee that the total handicraft export from J&K State for the FY 2013-14 was Rs. 1695.83 Crores, out of which Rs. 1469.08 Crores was routed through Jammu and Kashmir bank, Rs. 18.61 Crores through State bank of India, Rs. 6.59 Crores through Yes Bank, Rs. 85 Lacs through UCO Bank and Rs. 11.98 Crores through Punjab National bank. Out of the total export of handicrafts, carpets constituted 37.02%. The figures have been made available through export carpet promotion council. The committee was also informed that there was huge demand for Kashmiri carpets last year, but due to non-availability of manpower the demand could not be met. Mr. Mushtaq Ahmad Assistant Director Handicrafts, Kashmir informed the committee that there are 375,000 artisans available, but due to low wages only 180,000 are actively pursuing the handicraft business. He further informed the house that out of 56 craft categories only 32 are practiced in Kashmir and that handicraft sector is on decline due to low wages and urged trade bodies and exporters to support them. Mr. Parvez Ahmed, Executive President J&K Bank, assured the participants that J&K bank shall play an active role in facilitating handicraft business. He urged that students should be encouraged to actively take handicraft as career. He emphasized that the artisan community needs to be financially empowered for the survival of the handicraft sector. He invited every section of the society to come forward and play an active role in empowering the artisans of the state. He also brought to light the fact that our state has not been able to develop state of the art handicraft institute where training to artisans can be imparted. Mr. Parvez Ahmed Executive President urged the trade bodies, government agencies to promote the Kashmir handicrafts through advertising without compromising on the quality. **Action-Handicrafts Department J&K Government/Trade bodies**

- **Issues of dry fruit, walnut and saffron exporters if any.**
  - No major issue was raised; however it was observed that these sectors lack behind in spite of huge potential as foreign exchange earner for the state. Mr. Parvez Ahmed Executive President J&k Bank outlined the need to identify the potential of each sector and make efforts to get maximum out of the sector.
- **To discuss ways the State Government can help in promotion of local exports.**
  - Mr. Ali Mohammad Shirazi Chairman FTC, CCIK Chamber pointed out that in absence of bar code and packing facility in the state; the exporters have to get the packaging done from Delhi resulting in high input cost which acts as a competitive disadvantage to the exporters. Mr. Ashiq President KCCI informed that one Udyog Kendra has been set up at Jammu while no such facility has been set up in Kashmir region. The committee observed that the development of infrastructure is of paramount importance for the growth of the export business and urged the government to facilitate the operationilisation of Kashmir Export Development Centre (EDC) at Kashmir Haat and expedite the development of International Trade Centre (ITC) at Pampore. All the participants unanimously agreed that the government needs to invest in upgrading the infrastructure for the growth of business as whole and export business in particular. The committee further observed that government shall come forward and make industry specific policies to boost the exports from the state. **Action-Handicrafts Department J&K Government/J&K Finance Department**
- **Banks may be advised for prompt and timely disposal of credit requirement requests of the exporters.**
  - Mr. Sheikh Ashiq President KCCI urged all banks to conduct awareness programs regarding schemes pertaining to handicrafts. He also urged J&K bank to give wide publicity in print and electronic media to various schemes devised by the bank for artisans. He expressed satisfaction over the fact that the moratorium period under Dastkar scheme has been raised to 6 months from 1 month. Mr. Gulzar Ahmed AVP lead bank informed the members that J&K bank has set up Financial Literacy and Credit Counseling Centers (FLCCs) at district levels and that awareness programs are conducted on regular basis. **Action Jammu and Kashmir Bank/SBI/Canara Bank/PNB/HDFC Bank.**

The meeting concluded with vote of thanks by Mr. Muhammad Amin Mir, President, J & K Bank.