

**Minutes of the 7<sup>th</sup> meeting of Sub Committee of State Level Bankers Committee (SLBC) for export Promotion for J&K State held on 30, January 2015 at Jammu & Kashmir Bank, Zonal Office ,Jammu.**

The 7<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 30<sup>th</sup> Jan 2015 at the Jammu & Kashmir Bank Zonal office Jammu. The meeting was presided over by Mr Parvez Ahmed, Executive President J&K Bank (Convenor J&K SLBC).The detailed list of the participants is enclosed as annexure 'A'

The meeting started with a welcome address by Mr Rakesh Gandotra Vice President A&AP Department Corporate Head Quarters Srinagar. While welcoming all the members/participants Mr. Rakesh Gandotra made a special mention of the devastation caused by the recent floods in the valley which affected the business community and exporters in the state to a large extent. He informed that a special rehabilitation package was formulated by a special SLBC meet held on 23.09.2014. The Bank is extending all the help to the flood affected business community through the rehabilitation package both in letter and spirit. He also highlighted the role of the J& K Bank in serving the exporter community in the state and devising the tailor made scheme for the local artisans/craftsmen to boost the exports from the State. He also presented the figures for the outstanding export credit and export turnover of the J&K Bank in the J&K State. He further requested other participating Banks to elaborate on their performance on export credit as well.

Mr Parvez Ahmed Executive President J&K Bank welcomed the participants and outlined the purpose of the meeting. He expressed satisfaction on part of the J&K Bank in conducting the meeting within the stipulated period (half yearly), However he expressed displeasure for non - implementation of the various decision take in the previous meeting on part of the various stake holders. He observed that conducting meetings for the sake of meeting is not a healthy sign and requested the participants and the respective stake holders to take serious steps for implementation of the various decisions taken in the previous meetings.

The minutes of the 6th Sub committee of SLBC for export promotion circulated vide JKSLBC/Export/2014-289 dated 23.07.2014 and uploaded on SLBC website [www.jkslbc.com](http://www.jkslbc.com), were confirmed and agenda points for 7th meeting of SLBC were taken up for discussion.

- **Rehabilitation Scheme**

Mr S.K Bhat President J&K Bank informed that J&K Bank did not feel shy in extending the rehabilitation package to the flood affected business community of the State and has extended an advance of Rs 700.00 crores under the said package as on 31.12.2014 inspite of cost that the bank has to bear. He asked all other banks to share their responsibility in the state by extending credit to the exporter community. Mr Sheikh Ashiq President KCCI also sought information from the other banks on the quantum of advance granted under the rehabilitation package approved for the flood affected persons/exporters of the state. However other Banks could not elaborate on the quantum of the rehabilitation package advanced to the business community/exporters

of the State. Mr S.K Bhat President J&K Bank desired that all the banks extending export credit in the State should submit details of facilities extended to the exporters under the rehabilitation package in their compliance. **Action -Banks**

- **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 and issue of interest subvention**

The issue of interest subvention on rupee export credit was taken up wherein Mr Rakesh Gandotra Vice President A&AP informed that the said scheme has been discontinued by the Government of India(GOI) w.e.f 01 April 2014. The federations requested the Bank to take up and recommend continuance of interest subvention scheme to the exporters of the State with Reserve Bank of India in view of devastating floods during September 2014. Mr Sheikh Ashiq, President KCCI informed that they have also taken up the matter with the State Government as well as with the Central Government regarding interest subvention and have been assured that the matter shall be considered in due course of time. Mr. Amit Kumar Dy Director DGFT informed that although the scheme for interest Subvention on the rupee export credit has been withdrawn by the GOI, yet Reserve Bank of India provides a scheme for availing pre-shipment / post-shipment credit in Foreign Currency and the same is available at a very low rate of interest linked to LIBOR. He stressed upon the exporters to avail the scheme and also requested the Banks to popularize the scheme for exporters. Mr. Rakesh Gandotra Vice President, J&K Bank informed the house that the facility is available with the Bank and few exporters of the state are already availing the said facility but also informed that the said scheme is generally beneficial to the large exporters availing PCL in minimum lot of USD0.25 Mio, but for small exporters who avail PCL for small amount, the same may not be beneficial. Mr Karanjit Singh Assistant Vice President FEED informed that the pre-shipment /post-shipment credit when availed in foreign currency demands realisation on the fixed date and period and if the realisation is not within the contracted date/period, the exporters may have to bear a loss on account of exchange rate fluctuation and as such the said scheme may not be a substitute for the interest Subvention. However Mr Sheikh Ashiq President, KCCI requested the Banks to give a wider publicity to the scheme so that the eligible exporters could avail the benefits under the scheme. Mr Karanjit Singh, AVP, J&K Bank informed that a seminar for exporters was conducted in collaboration with the trade bodies at CHQ Srinagar wherein the scheme was explained in detail to the participants.

Representative from State Bank of India (SBI) informed that they had also conducted a seminar for export related facilities at Jammu and a good number of proposals are coming to them and are under process.

Mr Amit Kumar Dy Director DGFT appreciated J&K Banks initiative of conducting seminars and informed that the last seminar was attended by him also and he found that the Bank ensured active participation of the Chamber, Trade Bodies and the Young Entrepreneurs. Mr Rakesh Gupta, President Jammu Chamber of Commerce and Industries (JCCI) stated that although the seminar was conducted in Srinagar the same was not conducted in Jammu. Mr Rakesh Gandotra, Vice President A&AP assured the house and the Chairperson that seminar/workshop for exporters shall also be conducted at Jammu also wherein facilities available to the exporters including the said scheme shall be discussed.

Mr Sheikh Ashiq President KCCI appreciated the role played by the J & K Bank in lifting the exporter community of the state and requested other Banks operating in the state to put forward figures pertaining to export finance made available by them to artisans /unit holders of the state. However banks other than J&K Bank could not convey the figures for export credit extended by them in Jammu and Kashmir during the current and the previous financial year. Mr S.K Bhat President J&K Bank observed with concern the fact that other Banks were not able to present data on the export finance even for the last quarter and the meeting is being attended by their representatives for sake of recording their attendance only. He also expressed concern over the absence of senior officers from SBI, PNB, ICICI & HDFC Bank. He desired that the SLBC for export promotion should be attended by the respective Regional Heads of the Banks holding Regional offices in the State and also that the Banks in future should do their homework and be ready with the data related to export in the future meetings. It was also observed in the meeting that there was no representation from Reserve bank of India, Customs Department, Finance Department and SIDCO which could have enriched the deliberations of the meeting and made the discussion more fruitful.

**Action- J&K Bank/Other Banks**

- **Extension of incentives to handicrafts sector available under Handloom Development in J&K State and Issues related to Registration by Unit holders with Department of Industries and Commerce.**

Mr Parvez Ahmed, Executive President J&K Bank took reference of the previous meeting wherein the matter was discussed at large and it was decided that efforts shall be made by all the concerned to encourage the artisan community to register their units so that they can avail the incentives that are available under various schemes of the state. Mr Mushtaq Ahmed, Assistant Director Handicraft J&K Government informed that the Department is keen to play a major role in bringing the unorganized handicraft sector under the purview of organized but he elaborated that the people were shy to come up with the request for registration. He informed that they started the concepts of forming Federations and accordingly 27 federations were formed in handicraft sector wherein 10 persons could collaborate to form a Self Help Group (SHG). Then 10 SHG constituted one Cluster and 10 Clusters constituted One federation. They were able to form 27 Federations. However these could not work for long time as most of the male workforce has been diverted from this sector for one reason or the other and only the females are engaged in this sector. The females on being married to some distant locations leave the group and then these SHG's get dismantled. He also informed the committee members that 38 handicraft units were supposed to be made operational at Zakura, Srinagar, however only 1 unit has been established. He also informed that the Government has allotted 50 kanals of land at Wapura for developing an artisan colony so that they could assemble at one place for their job as well as residence. Mushtaq Ahmed, Assistant Director Handicraft J&K Government also informed the committee that State Government is committed in marketing the products manufactured by the artisans.

Mr. Mohammad Ashraf Mir, President FCIK informed the committee about various difficulties faced by the artisans in registering them under handicraft Sector. He expressed that there should be separate incentives to the handicraft sector other than

those available under MSME's. Mrs Kajal Jasrotia Department of Industries and Commerce, Jammu informed that various incentives as applicable to MSMEs are available to the handicraft sector provided they get themselves registered with Department of Industries and Commerce. Mr Mushtaq Ahmed Assistant Director Handicraft also informed that all the incentives/relaxations available under Industrial Policy are also available to the handicraft Sector provided they get themselves Registered with the Department of Industries and Commerce. Mr. Parvez Ahmed Executive President J&K Bank advised trade bodies to play a positive role in guiding the artisans and educating them about the benefits that are available to them after registering their units with Department of Industries and Commerce. It was also emphasized that the issues regarding registration of units shall be sorted out on priority basis and the concerned department shall ease out the procedure for registration of the units. **Action- J&K Bank**

- **Progress Regarding establishment of Inland Container Depot (ICD) at Srinagar and Reviewing progress of International Trade Centre at Pampore, establishment of Export Development centre (ECD)**

Mr. Parvez Ahmed, Executive President J & K Bank referring to the decision of the previous meeting sought out the progress in the establishment of Inland Container Depot (ICD) at Srinagar. No Representative from SIDCO was present in the meeting. However Mr. Sheikh Ashiq President KCCI informed that no progress has been made yet as the same has not been made available to them for inspection. Mr. Parvez Ahmed Executive President J&K Bank expressed displeasure in the current status of the ICD as he failed to understand that although the infrastructure for the same has been set up, the same could not become operational with a mere reason that the meeting between SIDCO and KCC&I could not take place. Mr S.K Bhat President, J&K Bank stressed upon the trade bodies to take up the matter with the respective quarters for making the ICD functional .He stressed upon the fact that the scope of the SLBC is to help exporters in matters related to Banking and Finance only however the scope of the SLBC for export promotion was extended considering the genuine need of the exporter community of the State. Mr S.K Bhat President, J&K Bank again stressed upon the trade bodies to take up the matter with the respective quarters for making the ICD functional. Mr. Anil Suri, President Bari Brahmna Industries Association (BBIA) conveyed that they are also confronting the same issues regarding the operationilisation of the ICD at Jammu. Mr Amit Kumar Dy Director DGFT however requested the chair to refer the matter to the concerned quarters for necessary action. **Action: J&K Bank**

- **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**

Mr Amit Kumar Dy. Director DGFT informed that under EPCG scheme the exporters can import capital goods duty free with an export obligation of six times the value of import. However as a special case for J&K the export obligation is restricted to 25% of the normal export obligation and the same is applicable for the units who have obtained license after April 2013.Mr Anil Suri President BBIA , however expressed that their concern was to extend the facility to the units who have obtained license before April 2013. Mr. Amit Kumar Dy. Director DGFT informed that the facility extended to the unit holders is a policy decision. Mr S.K Bhat President J& K Bank appreciated the policy and

observed that in case the relaxation in policy matter is desired the respective trade bodies may put a representation for the same to the appropriate authorities. Mr Amit Kumar Dy. Director DGFT also advised the banks to streamline their system for uploading e-BRC on DGFT website to avoid mismatch of export bill details. **Action- Bari Brahmna Industries Association (BBIA)**

Mr Parvez Ahmed Executive President J&K Bank assured the participants that J&K Bank shall be at the forefront in supporting all the business activities which will add value to the socio-economic profile of the state. He advised Mr Karanjit Singh Assistant Vice President FEBD to structure the agenda of the next meeting within the scope of the regulatory guidelines by largely focusing on Banking and finance related matters and also asked other Banks to come up with the data related to the exports in future meetings.

Mr S.K Bhat President J&K Bank appreciated representatives from trade bodies particularly from Kashmir in sparing their precious time to attend the meeting and thanked the participants ,Mr. Amit Kumar Dy. Director DGFT, Mr. Mushtaq Ahmad, Assistant Director Handicraft J&K Government, Mr. Kajal Jasrotia, Department of Industries and Commerce,Mr. Anil Suri, President,BBIA, Mr. Mohd Ashraf Mir, President FCIK, Mr. Sheikh Ashiq, President KCC&I, Mr.Rakesh Gupta,President JCCI, representative from ECGC of India, State Bank of India,ICICI bank,HDFC bank,PNB,Canara bank for attending the meeting.