

Minutes of the 8th meeting of Sub Committee of State Level Bankers Committee (SLBC) for export Promotion for J&K State held on 10th, March 2016 at Jammu & Kashmir Bank, Zonal Office, Jammu.

The 8th Meeting of the Sub Committee of State Level Bankers Committee (SLBC) for Export Promotion for the J & K State was held on 10th March 2016 at the Jammu & Kashmir Bank Zonal office Jammu. The meeting was presided over by Mr. Surjeet Singh Sehgal, Executive President J&K Bank (Convener J&K SLBC).The detailed list of the participants is enclosed as annexure 'A'

Mr. Karanjit Singh Vice President FEBD/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 exports from the country are exhibiting declining trend and J&K state could not be an exception, however the decline in case of J&K state was more than the national average. The main reasons for the decline in the state owes to slowdown in the Middle East , crash in the prices of walnut in the international market and mainly due to 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 also presented the figures for the outstanding export credit and export turnover in the J&K state for which input was available from two banks apart from J&K bank. Out of the total export credit outstanding of Rs 155.00 crores as on 31.03.2015, Rs 150.00 crores has been disbursed by J&K bank only. 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. Surjeet Singh Sehgal Executive President J&K Bank welcomed the participants and outlined the purpose of the meeting. He expressed deep concern over the non-submission of information by the banks mostly the private sector banks. He expressed concern that in absence of such data the purpose of holding such meetings gets diluted. 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 and should be 50% by March 16, 55% by March 17 and 60% by March 18.He further informed that there is huge potential in the state and the Banks have to reach to those unexplored areas. While reviewing the performance of the banks, he expressed displeasure over the fact that State Bank of India, the largest Bank of the country has a Zero credit exposure in the State in export sector while PNB has an exposure of Rs 5.00 crore only in the export credit. He requested the Banks to come up and extend support to the exporters so that they are able to meet the competition in the international market and also enable them to revive their business form the aftermath of the devastating floods. He further emphasized that whenever such meetings are held, numbers should be available for evaluation and the

meetings should not be attended merely to mark the presence and requested representatives from other private sector Banks such as ICICI Bank, Axis Bank, HDFC Bank to take such meetings seriously and be present with the facts and figures as required for the deliberations in the meeting. He however expressed his satisfaction on part of the J&K Bank in disbursing credit to the exporter community of the state proactively.

The minutes of the 7th Sub committee of SLBC for export promotion circulated vide JKSLBC/Export/1234/2015-683 dated 04.03.2015 and uploaded on SLBC website www.jkslbc.com, were confirmed and agenda points for 8th meeting of SLBC were taken up for discussion.

- **Progress regarding a special rehabilitation/revival and relief package/Scheme for the Borrowers affected by natural calamity in J&K State.**

Mr. Karanjit Singh Vice President J&K Bank informed that the figures for rehabilitation package were available for J&K Bank only. J&K Bank has disbursed more than Rs 50.00 crores to the exporters under rehabilitation scheme whereas no other bank has reported any progress in this aspect. Officer from PNB informed that although they have effected the rehabilitation scheme in the state but in the export sector the figure was nil as no one in the export sector has applied for the rehabilitation with them in the state. Mr. Lalit Mahajan President BBIA expressed that although the restructuring of accounts has been done under the rehabilitation scheme by J&K bank but the core issue is that the interest for the period has been converted into term loan which the respective exporter has to pay despite the fact that he was not able to work during those days. He requested that the interest for that period should be waived off. Mr. Karanjit Singh Vice President (FEED/A&AP) J & K bank informed that the rehabilitation of the accounts has been done strictly as per the scheme approved by the Reserve Bank of India and the authority to waive off interest does not lie with the banks.

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.**

President FCTIK 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 senior officer from these Banks do not report for meeting, and even those who attend the meeting are without the requisite data. Mr. Lalit Mahajan President BBIA expressed that the nationalized banks are reluctant to lend in the state and their focus is mainly on the deposits. 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. 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, which also enjoys a priority sector classification. Mr. Lalit Mahajan President BBIA expressed that some banks insist on guarantee for amounts less than Rs 10.00 lacs for which the representatives of the Banks told that they do not endorse the same and if any such instance has occurred, the

same needs to be escalated by the customer to the concerned regional offices or the central office for the redressal.

Action: Banks

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

Mr. Karanjit Singh Vice President J&K Bank informed that the issue of interest subvention as was raised in the previous meeting stands resolved as Reserve Bank of India has come up with an interest equalization scheme in December 2015 effective from April 2015 wherein 3% interest subvention is passed on to eligible exporters upfront by the Banks. He however emphasized the trade bodies to create awareness among the exporters falling under the MSE category to register themselves as MSE's as most of the exporters in the state who qualify as MSE have registered themselves as merchant exporters for which the incentive of interest equalization is not available.

Mr. Afaq Qadri, Sr. Vice President 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. Mr. M.K Nikhare, Dy Director DGFT informed that they have been regularly conducting such programmes for the awareness of the exporters. Mr. Karanjit Singh, Vice President J&K Bank informed that J&K Bank has conducted such awareness programme on 11.05.2015 at Jammu, but expressed his dismay over the lack of support from J.C.C. (Jammu Chamber of Commerce) in nominating the eligible exporters. He stressed that active participation of trade bodies in this regard in identifying entrepreneurs/exporters for the programme shall make such programmes fruitful. Representative from ECGC also expressed his concern over the dismal participation of the exporters in the workshops conducted by ECGC and requested the trade bodies to ensure active participation.

Mr. Surjeet Singh Sehgal Executive President J&K Bank emphasized that the trade bodies should propose a date and a list of participants to 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 the participants that J&K Bank shall be at the forefront in supporting all the business activities which will add value to the GDP and 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.

Action: Banks/Trade Bodies/DGFT/ECGC

Mr. Karanjit Singh Vice President J&K Bank appreciated representatives from trade bodies in sparing their precious time to attend the meeting and thanked the participants.