

Minutes of the 4th meeting of Sub-Committee of State Level Bankers Committee (SLBC) for Export Promotion for J & K State held on 12th December, 2011 at Jammu & Kashmir Bank, Zonal Office Rail Head Complex Jammu.

The 4th meeting of the Sub-committee of State Level Bankers Committee (SLBC) for Export Promotion, for J & K state, was held on 12th December, 2011 at the Jammu & Kashmir Bank Zonal Office Rail Head Complex Jammu. The meeting was presided over by Mr. G. M. Sahibzada, 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. Sunil Gupta Senior Executive Manager, Foreign Exchange Business Department Corporate Headquarters Srinagar. While welcoming all the members/participants of the meet, Mr. Gupta expressed regret over inconvenience caused to members as a result of rescheduling of the meeting under unavoidable circumstances.

Mr. G. M. Sahibzada, Executive President, J & K Bank, welcomed 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. Thereafter agenda items were taken up for discussion.

The minutes of the 3rd SLBC Sub-committee Meeting held on 14/05/2009 circulated vide letter FEBD/SLBC/2009-125 dated June 17, 2009 and uploaded on SLBC website www.jkslbc.com were confirmed.

Action Taken on Previous Actionables:

1. ECGC:-Members were informed that **Export Credit Guarantee Corporation of India (ECGC)** has already opened office in Srinagar. However the following issues raised in the last meeting regarding ECGC of India Ltd have not been resolved.

- RBI has allowed all exporters to raise bills up to 365 days usance (tenor) while as the corporation is providing ECIB-WTPS cover to banks only for 180 days and banks have to seek prior approval of the corporation for giving post-shipment advances beyond 180 days tenor. It was demanded that ECGC should provide cover to banks for usance period up to 365 days as allowed under FEMA without seeking prior approval from corporation.
- ECGC to provide buyer-wise cover in case of D/A bills where D/A exceeds 180 days.

ECGC is requested to resolve the above referred outstanding demands.

2. DGFT Office at Srinagar: - Mr. Anil Sawhney from Director General of Foreign Trade (DGFT) informed the house that DGFT office is going to become operational at Srinagar within a month.

3. Establishment of ICD at Srinagar:- Mr. Rajesh Kaw, representative of SIDCO, (the implementing agency for the project) informed the meeting that ICD at Rangreth Srinagar will be completed within coming six to eight months. He further added that almost 95% work on the project has been completed and some mechanical works are in the final stage.

4. Reserve Bank of India (RBI)

- Reserve Bank should advise banks to provide hassle free **long term** inventory finance to handicrafts and walnut exporters in the J & K state.
- Exporter bodies also wanted government of India to consider interest subvention beyond 270 days for pre-shipment credit and beyond 180 days for post-shipment credit through RBI.

As these outstanding issues have not been resolved so far, RBI is again requested to respond to the above issues to facilitate exports.

5. Government

- State Govt should provide stimulus package in form of interest subvention to protect handicraft and walnut export industry in the J & K State.
- Government should establish a brand certification agency in order to stop selling the goods of non-J&K origin under the brand name of Kashmir
- Pashmina Shawl Exporters demanded that a pashmina testing and certification laboratory should be established at Srinagar to avoid unnecessary trouble to the pashmina exporters.
- Government of J & K state should expedite the development of Floriculture Facilitation Centre near Srinagar International Airport.

State Government is requested to resolve the above pending demands.

Issues Faced by Exporters

Regarding issues faced by exporters, Mr. Gunjan Jain, representative of J & K Walnut Exporters Association raised the following points in the meeting:

1. High Stamp Duty Rates:-The issue of recent hike in stamp duties on loan documentations/registration by the State Government was raised and it was demanded that the State Government should revisit the stamp duty rates as it is hampering the credit flow to the business community. Dy. Secretary Finance Department J & K Govt replied that the issue will be examined by Finance Department J & K Govt.
2. VAT Refund:-Non-refund of VAT charged on exported portion of walnuts was highlighted by Mr. Gunjan Jain, which is pending since 2005-06. It was demanded that State government should expedite the refund of VAT charged on walnuts during 2005-06. Mr. Y.V.Sharma, President Chamber of Commerce & Industry (CCI), Jammu, advised Mr. Gunjan of J & K Walnut Exporters Association to submit a representation to Finance Department J & K Govt and also endorse a copy to CCI, Jammu for follow up.

3. Allowing import of Walnuts whenever there is a deficit in supply due to low crop production: - Walnut exporters of the State have established infrastructures for processing, packaging and export of walnuts. These factories/units depend on supply from domestic crop. Sometimes there is not a good crop and the unit holders face shortage of walnuts to meet their export demand. In such circumstances whenever there is a low domestic production, GOI should allow the import of walnuts for re-export after processing by unit holders/exporters.

Mr. Bilal Ahmad, Secretary General, Kashmir Chamber of Commerce & Industry (KCC&I) raised the following points:

1. Export incentives on Handicrafts & Horticultural Exports from J & K State should be increased in the wake of global economic slowdown. Further it was demanded that GOI should continue DEPB scheme and Interest subvention on export credit in order to encourage the exports.
2. Government of India has approved a project for developing a Mega Cluster (Common Facility Centre) for Carpet Industry. KCC&I has been nominated as the implementing agency for the said project. The project cost will be around Rs 70.00 Crores and 80% funding will be made by GOI while 20% is to be arranged by local manufacturers, traders or artisan associations by forming an SPV. The said SPV is to be registered as a company or a co-operative society. Mr. Bilal Ahmad, Secretary General, KCC&I, requested Finance Department Govt of J & K to facilitate the implementation of the project. Dy. Secretary Finance Department J & K Govt informed that the issue of Mega Cluster for Carpet industry falls under domain of Industries & Commerce Department J & K Govt who may be approached to consider the matter.
3. ASIDE Scheme (Assistance to States for Development of Export Infrastructure and Allied Activities) of Ministry of Commerce GOI is being implemented in the J & K State through SIDCO. State Govt was requested to conduct a meeting of export promotion committee so that ASIDE scheme can be implemented. Further it was demanded that State Govt should keep some provisions in Annual Budget for export promotion so that Central grant under ASIDE scheme can be availed.
4. Mr. Bilal of KCC&I demanded that banks should allow long-term Pre-shipment and Post-shipment Credit for upto 360 days and should approve inventory financing schemes for handicrafts. In reply President (A & AP) J & K Bank informed that J & K Bank is already extending export credit upto 360 days on case to case basis. He further added that the bank has relaxed norms for lending to export sector and export credit is being offered at very cheap interest rates vis-à-vis interest rates on domestic credit.

President Federation Chamber of Industries Kashmir (FCIK) Mr. Zahoor Ahmad Bhat thanked the Chairman SLBC Sub-Committee for Export Promotion, for induction of their organization as member of committee and informed that FCIK is an amalgam of 70 associations and All Kashmir Artisan Federation is a part of amalgam. Mr. Bhat stressed

the need for conducting the sub-committee meet after every six months. Mr. Bhat told that our country has a policy of clusterization but our artisans are still in unorganized form and we are not able to organize them. Governments should make soft interventions by organizing awareness programmes, for upgradation of technology/tools and skills in order to bring the artisans under an organized form.

Mr. Zahoor Ahmad Bhat President FCIK also raised the issue that some banks ask for collateral securities or third party guarantee of a government employee for sanction of credit facilities to MSMES and demanded that the credit flow to MSMES should be made available as per regulatory guidelines. He further raised issue of Credit Card Scheme for artisans. He informed the meeting that in August 2011, 1500 cases have been sent to State Bank of India and desired to know that how many cases have been disposed off till date (12 December 2011). The representative of SBI told the meeting that he will arrange to get the information & shall provide the same in due course.

Exporters' associations (KCC&I, JCCI, FCIK and JKWEA) appreciated the role of J & K Bank in being the fore-runner in export credit dispensation in the J&K State. The associations demanded that all other PSB's/Scheduled Commercial Banks operating in J & K State should also take similar steps for providing hassle free credit to exporters of the state.

Mr. M.S Wani, Vice President, J & K Bank (Convenor SLBC), advised the representative bodies of exporters and manufacturers in J & K State to raise specific issues with pointed reference to a Ministry or Department of Government at Centre or at State so that SLBC forum can forward the same to respective Ministry or department for resolution of the issues pertaining to them. He further emphasized that SLBC has a recommendatory role and things need to be properly filtered before submitting the same to SLBC.

In a specific query pertaining to Export Credit Guarantee Corporation of India, Mr. Bilal told that ECGC covers export credit disbursed by banks and thus covers export bills which are purchased or discounted by the bank. The exporters which send documents on collection basis through the banks are not covered as such. To this point Mr. Sanjeev Kumar Sahu from ECGC of India Ltd informed that the Corporation has two categories of policies; one for banks to cover their export credit portfolio and other category for exporters to cover their credit risk on overseas buyers. Mr. Sahu informed the meeting that the exporters should take advantage of various products of ECGC to suitably cover their credit risks irrespective of the fact whether they avail bank credit or not. He further informed that ECGC of India has opened its office at Durganag Srinagar and exporters of the State can seek guidance from the said office.

Mr. Shafat Ahmad Banday President (A & AP) J & K Bank requested Exporters' associations of the State to educate their members regarding banking procedures and advise them to ensure timely submission of financial statements and other papers for renewal of credit facilities availed from all the banks operating in the State to prevent consequential difficulties.

DGM Punjab National Bank, Mr. Ashok Gupta clarified the Nayak Committee recommendations for lending, in reply to specific point raised by Mr. Bilal Ahmad Kawoosa (KCC & I).

DGM RBI, Mrs Kiran Sharma also addressed the meeting & told that with the liberalization of foreign exchange regulations, the importers & exporters of the state should not face any difficulty in current account transactions. She advised business community to invite Foreign Direct Investment (FDI) into their concerns. She further added that good business concerns can go for External Commercial Borrowings (ECB's). Regarding weakening of rupee, Mrs Sharma said that the rupee depreciation although good for exporters is hitting the importers. She advised that SLBC sub-committee meetings should be held twice a year as per extant guidelines.

The meeting concluded with vote of thanks by Mr. M.S Wani, Vice President, J & K Bank (Convenor SLBC).

Annexure A

List of Participants of the 4th Meeting of Sub-Committee of SLBC for Export Promotion, held on 12th December, 2011.

S. No.	Name of Participant Mr./Ms./Mrs.	Designation
1.	G.M.Sahibzada	Executive President J&K Bank
2.	Shafat Ahmad Banday	President Advances & Asset Planning J & K Bank
3.	O.P.Shrama	President/Zonal Head J & K Bank Zonal Office Jammu
4.	Kiran Sharma	DGM Reserve Bank of India Jammu
5.	Ashok Gupta	DGM Punjab National Bank Jammu
6.	Dr Firdous Giri	Dy Secretary Finance Dept J & K Govt
7.	M.S.Wani	Vice President Lead Bank J & K Bank
8.	P.K.Tickoo	Vice President A & AP J & K Bank
9.	Nishi Baru	Vice President J & K Bank Zonal Office Jammu
10.	Sunil Gupta	SEM,FEBD J & K Bank
11.	Rajesh Kaw	J & K SIDCO, Jammu
12.	Bilal Ahmad Kawoosa	Secretary General Kashmir Chamber of Commerce and Industry (KCC&I) Srinagar
13.	Zahoor Ahmad Bhat	President Federation chamber of Industries Kashmir (FCIK) Srinagar
14.	Y.V.Sharma	President Chamber of Commerce & Industry (CCI) Jammu
15.	Gunjan Jain	J & K walnut Exporters Association
16.	Saleema Bano	Industries & Commerce Department J & K Govt
17.	Sumitra Sodhi	FED,RBI, Jammu
18.	Ved Raj	Handicrafts Department J & K Govt
19.	S.N.Purlecut	DGFT Jammu
20.	Anil Sawhney	DGFT, Jammu
21.	Sanjeev Kumar Sahu	ECGC of India Ltd, Srinagar
22.	Karanjit Singh	Branch Head J&K Bank IBD Srinagar
23.	R.C.Sharma	Chief Manager State Bank of India Z/O Jammu
24.	S.K.Verma	Canara Bank Jammu (Main)
25.	Rakesh Maini	Incharge A & AP, J & K Bank Zonal Office Jammu
26.	Gulzar Ahmad Rather	Executive FEBD J&K Bank CHQ
27.	Ravi Kumar Trichal	J & K Bank Ltd B/u IC Bari Brahmna
28.	Mohammad Shahid Drabu	Associate Executive FEBD J&K Bank CHQ