

Karnataka- Export Promotion Policy

I. Preamble

The ongoing process of opening up of the Indian economy, changing Industrial and trade policies over the last decade and the formation of WTO have together given rise to stiff challenges as well as tremendous opportunities for Indian Industry. While the challenges are the result of liberalised imports of raw materials, components and finished products from across the globe in an increasingly reducing tariff regime, the opportunities arise from the opening up of the world markets for Indian industry.

2. The Govt. of India has in the recent past, initiated a number of measures to promote exports of both primary and manufactured products as also services. Allocation of funds for export development by States, Export Promotion Industrial Park scheme, Critical Infrastructure Balance Scheme, Export Intensive Area scheme, Market Development Scheme and setting up of Special Economic Zones, in important locations are some of the initiatives taken by the Govt. of India. The recent ASIDE (Assistance to States for Infrastructure Development and Allied Activities) programme merges most of these initiatives of the Govt. of India under one head. Assistance under ASIDE can be utilised by the State for development of infrastructure related to promotion of exports. Assistance under the scheme can also be used for EPIP and Special Economic Zone projects. Allocation to the States under ASIDE is linked to export performance of the State. The State Level Export Promotion Committee has been empowered to sanction schemes under ASIDE. It is, therefore, necessary that the State fully utilise the opportunities that are thrown open by the initiatives of the Govt. of India and formulates a comprehensive policy and appropriate strategies for promoting exports from the State.

3. Karnataka has a long tradition of overseas trade. Historically, Karnataka has been a major exporter of commodities like Coffee, Spices, Silk, Cashew nuts, Handicrafts and Agarbathies. In the last two decades the State has emerged as a major player in the export of Engineering goods, Readymade Garments, Leather goods, Chemicals, Minerals and Ores etc. Since the second half of the 1990's, Karnataka has carved out a niche for itself in the global market place as the knowledge and technology capital of the Country. The State has made rapid and spectacular strides in the new economy. Information Technology, Bio-Technology and State of the art Research and Development Institutions have given Karnataka a pride of place as a frontier knowledge State in India. Indeed Karnataka has emerged as a leader in the new economy in this part of the World.

4. India's Merchandise exports during 2001-02 added upto Rs.2,10,010 Crores (US\$ 43.99 billion)*, whereas Karnataka's total exports during the year 2001-02 were over Rs.20,000 crores (US \$ 4.12 billion) (provisional)**. During the 9th Five Year Plan period (1997-2002) Karnataka achieved remarkable growth in exports growing from Rs.8432 crores in 1997-1998 to over Rs.20,000 crores in the year 2001-02. The average annual growth rate has been about 15%. Percentage share of Karnataka in India's export today stands at about 7%.

*Source: Directorate General of Commercial Intelligence and Statistics,
Department of Commerce, Government of India.

**Source: DGCI & S.

5.Details of Karnataka's exports for last 3 years are:-

(Value Rs.in Crores)

Sl.no	Commodity	1999-2000	2000-2001	2001-2002(Prov)
1	Electronics & Computer Software	6476.58	8825.92	11533.06
2	Readymade Garments	1508.23	2236.00	2820.00
3	Coffee Products	1183.93	957.53	881.42
4	Iron Ore and Minerals	779.51	678.75	691.56
5	Engineering	670.00	673.07	1048.07
6	Silk Products	521.24	772.39	672.24
7	Cashew and Cashew Kernals	251.55	187.98	163.54
8	Chemicals and Allied Products	223.33	184.81	201.22
9	Gem and Jewellery	215.10	218.85	281.05
10	Agriculture and Processed Food Products	195.33	237.91	349.51
11	Basic Chemicals, Pharamaceuticals and Cosmetics	193.62	293.63	320.24
12	Leather Products	146.23	238.37	237.64
13	Marine Products	87.36	94.25	85.76
14	Plastic Goods	75.09	67.90	83.07
15	Spices	61.00	73.74	69.12
16	Wool & Woollen Products	43.71	31.22	44.46
17	Handicrafts	20.12	31.69	48.59
18	Tobacco / Beedi	16.25	3.23	2.70
19	Miscellaneous and Others	186.07	220.22	612.33
	Total	12854.25	16027.46	20145.58
	Total in US \$ (million)	2955.00	3446.77	4153.72
	@ exchange Rate (Average)	Rs.43.5	Rs.46.5	Rs.48.5

6. The twin forces of liberalisation of Indian economy with opening up of the Indian market and globalisation i.e. greater integration of the Indian economy with the global

economy, poses several challenges as well as opportunities. The entire World today is one market place. The defining principle of International trade today is competitiveness. The future of exports for Karnataka will be predicated upon an intense interplay between the domestic policy environment and the enormous external trading opportunities. Under the multilateral trading regime, the ability of the State to seize the opportunities that are opening up in the global market will be driven primarily by the primacy of technology in domestic industry, price and quality competitiveness and achieving global standards in products and processes. The principles of National Treatment and Most Favoured Nation governing the WTO regime will require the domestic export community to aggressively compete with its counter parts in the rest of the world.

7. The EXIM policy of the Govt.of India provides a national policy framework. At the same time, the State Govt. needs to provide focussed facilitation to enable rapid growth of exports from Karnataka in sectors in which the State enjoys competitive advantages. It is in this context that a policy framework to give impetus to establishing best practices, providing for capacity building and facilitating quality and competitiveness of domestic exporters becomes critical.

II. Mission

8. Karnataka's mission statement on exports is to facilitate the rapid and sustained growth of exports from Karnataka and to increase Karnataka's share in all India exports from the present level of 7% to 15% by 2007. This will be achieved by

- i. Providing an effective, proactive and supportive Institutional mechanism for the rapid growth of exports.
- ii. Operationalising sustainable medium term Export Promotion Sectoral Strategies
- iii. Building effective and competitive Export Infrastructure.

III. Objectives

9. In achieving this Mission, the focus will be on the objectives set out below:-

- a) To focus on existing exporting industries, and to provide them with necessary support to give further boost to exports from these industries.
- b) To motivate Industries in Karnataka exporting through Merchant Exporters in other States to export directly.
- c) To encourage Industries / traders with products having good export potential to enter the export field.
- d) To provide a conducive environment for motivating new export oriented units to set-up their base in Karnataka.
- e) To bring about technology and skill upgradation in the traditional export sectors like Coffee, Silk, Textiles, Granites, Agarbathies and Handicrafts to enhance value addition and quality competitiveness.
- f) To enhance the export potential of non-traditional sectors like Electronics & Software,

Services, Bio-Technology etc.,

- g) To facilitate creation of hi-tech ITES clusters in different locations in the State.
- h) To encourage capacity building for consistently upgrading best practices in exports.
- i) To promote innovation for export of new value added products.
- j) To increase the unit value realization of exports through technical and design inputs, modernization of production processes and skills.
- k) To provide institutional framework for developing pool of human resource talent in specialised trades.
- l) To provide a simple transparent and responsive regulatory environment for unhindered growth in exports

IV Strategy

10. In order to achieve these objectives, the following strategy will be adopted.

- a) To create a strong networking with Export Promotion Councils, FIEO, ITPO, NCTI, and Product Sectoral Associations to give impetus to Public - Private partnership.
- b) To provide E-Governance support to exporters in Karnataka.
- c) To establish a B2B exchange, which would facilitate even the small and tiny unit in the State to take up online trading activity
- d) >To create a strong analytical database on exports and exporters in Karnataka
- e) To promote Public-Private initiative in developing competitive export infrastructure
- f) To setup an institutional mechanism in the State for promoting exports like State Level Export Promotion Council, State Level Export Promotion Committee and District Level Export Promotion Committee
- g) To strengthen and restructure VITC as the Export Promotion Board of Karnataka, which shall be the Nodal Agency to plan and execute strategies to sustain Karnataka as a global hub for international trade.
- h) To focus on catalysing competitive advantages that Karnataka has in the Global market by increasing its exports in Information Technology, Bio Technology, Food Processing, Electronics & Communications, Garments, Machine Tools and Precision Engineering Goods, besides the traditional exports.
- i) To identify sector specific support measures required for acceleration of exports in sectors in which the State has competitive advantages and to encourage them in consultation with the concerned sectoral association.

V. Thrust Sectors

11. Following are the initially identified thrust sectors:

a) Agricultural & Processed Food Products

Karnataka is bestowed with 10 Agro Climatic Zones and is capable of growing virtually any agri / horticultural products. The annual production of Horticultural crops is 12.4 Million tons and a variety of vegetables, fruits, flowers, spices and herbs are grown. 66% of the geographical areas are under agriculture and the area available for cultivation is

12.7 Million hectares. The major crops include maize, rice, millet, sorghum, spices, tobacco, cotton, coffee & tea etc., Exports of Agricultural & Processed Food products for the year 2001 - 2002 is Rs.1549.35 Crores (US \$32 Millions). The major contributing products are Coffee, Cashew and Cashew Kernals, Spices, Fruits & vegetables (onions, mangoes, potatoes), processed foods (mango pulp) and marine products. In the recent years, export of vegetables like gherkins, rose onions etc., and floriculture have gained significance. Exports from this sector are expected to grow annually by 20%.

b) Readymade Garments

Readymade Garments sector enjoy a pride of place in Karnataka. At present, the MFA agreement with USA and countries in European Union has resulted in quota restrictions in these countries. With the phasing out of MFA agreement and implementation of agreement on textiles and clothing under WTO from 2005, this sector will be freed from quota restrictions but will have to face global competition. To equip the exporting industries in this sector to face the changing trends in the international market, the Ministry of Textiles, Govt., of India have already setup apparel training and design centres in various parts of the country to equip the workers with latest technology in the field and also obtain hands-on training. Exports of this sector during 2001 - 2002 is Rs.2820 crores. (In addition, there is about Rs.1300 crores of indirect exports through merchant exporters / export houses of other states from the Industries in Karnataka) (US \$ 58 millions direct exports). Exports from this sector is expected to grow annually by 30%.

c) Electronics

In the Electronics sector, a large number of exporting industries are present in and around Bangalore and in Mysore. Over 300 of the world's leading electronics companies are located in Karnataka. A substantial portion of exports is to western markets. The products exported are Industrial Electronics, Telecommunication equipments and parts, consumer electronics, Computer hardware, electronic medical equipments, watches, transformers, control instrumentation, components, aerospace and defence electronics etc., Exports of this sector during 2001 - 2002 is about Rs.1602 crores (US \$33 millions). Exports from this sector are expected to grow annually by 30%.

d) IT & BT

Bangalore is known as the Silicon Valley of India. State has the Software Technology Parks of India at Bangalore, Mysore and Mangalore. STPI, Hubli is under implementation. Over 1100 software companies registered with STPI's account for Rs.9903 crores exports(US \$ 204 millions) during 2001 - 2002. North America accounts for 69% of the total exports in this sector followed by European countries at 29%. Exports from this sector are expected to grow annually by 40%.

e) Engineering Goods

A number of engineering exporters are based in Bangalore, Hubli, Mysore, Belgaum, Mangalore, Shimoga etc., in Karnataka. The products exported include Machine Tools, Industrial Machinery, Small & Cutting tools, Castings, Automotive components, Electrodes, Welding Equipments, Construction and Earthmoving Equipments, Helicopter spares, etc., Exports of this sector during 2001 - 2002 is Rs.1048 crores (US \$ 22 millions). Exports from this sector are expected to grow annually by 20%.

f) Arts & Crafts.

Karnataka has a rich variety of crafts, a considerable production base and a vast pool of talented and skilled craftspersons. Training in production techniques, focus on contemporary design and upgradation of craft clusters will constitute initiatives to give impetus to handicrafts exports. This will be done through the Karnataka State Handicrafts Development Corpn, the NGOs, in the field and Export Promotion Council for Handicrafts. The effort will be to reach an export target of Rs.150 crores in 2006 - 07 from the level of Rs.40 Crores in 2001- 02.

g) Minerals & Mineral Based Products:

The State has a very wide and varied mineral resource. Mineral resources are high-grade iron ore, exotic granites, Bauxite, etc. Export of Iron ore and minerals has been in the order of Rs. 678 Crores to Rs. 780 Crores during the last three years. The State will aim to increase the export of minerals and value added mineral based products. Efforts will be made to achieve exports of Rs. 1000 Crores per annum of minerals and minerals based products in the next three years.

12. In collaboration with the sectoral export associations and in consultation with the related industry bodies, sectoral mid-term strategies will be commissioned to draw a road map to achieve the sectoral export targets envisaged.

VI. Policy Frame Work

VI (a) Institutional Mechanism for Export Facilitation

Export Promotion Board of Karnataka:

13. Under the Govt. of India, 29 Export Promotion Councils and Commodity Boards are engaged in export promotion of products coming under their jurisdiction. In Karnataka, the Visvesvaraya Industrial Trade Centre (VITC) a registered society functioning under the Directorate of Industries & Commerce is, at present, the Nodal Agency for promotion of Exports of all products from the State. VITC is regularly conducting Seminars / Workshops / Training Programmes related to exports, organising / participating in Trade Fairs / exhibitions both at the National and International levels, sponsoring Trade Delegations abroad, counselling exporters, resolving grievances of exporters etc., and is working in close co-operation with FIEO, ITPO, Export Promotion Councils /

Commodity Boards, Customs and other related Central & State Govt. Depts., / organisations to promote exports from the State.

It is proposed to restructure VITC as Export Promotion Board of Karnataka which shall be the Nodal Agency to guide and provide assistance to exporters as well as facilitate in obtaining clearances from regulatory Departments and resolving operational problems of exporters in Karnataka.

14. The following Policy making empowered Committees are functioning to facilitate the process of exports in the State

- a. The State Level Export Promotion Council chaired by the Hon'ble Chief Minister, Govt. of Karnataka
- b. The State Level Export Promotion Committee chaired by the Chief Secretary, Govt. of Karnataka,

15. The following Committee is functioning for resolving the operational problems of exporters. The Export Facilitation Co-ordination Committee, Central State inter departmental Committee chaired by the Chief Commissioner of Customs & Central Excise, Bangalore

16. In order to promote exports from all districts in the State, District Level Export Promotion Committee(DLEPC) will be setup. The functioning of DLEPCs will be monitored by the Sub-Committee of SLEPC chaired by the Commissioner for Industrial Development and Director of Industries & Commerce which also renders secretarial services to the Policy making Committees.

VI (b) Export Promotion Strategies

17. The Dept. of Commerce, Ministry of Commerce & Industry, Govt. of India have set a target of US \$ 80.48 billion for the exporters in the country to be achieved by the year 2007, in order to reach 1% share of the world trade. This policy aims at Karnataka achieving an ambitious 15% share in the country's exports by 2007, i.e US\$ 12.07 billion from the present level of US \$ 3.45 billion exports achieved during 2000 - 2001. To achieve this target, the average compounded annual growth rate (CAGR) required is 24%. Following strategies have been formulated to achieve this target.

(a) Exporters in Karnataka are mostly concentrated in few districts, the majority of them being located in Bangalore. All sections of exporters have their export associations. VITC should closely and actively co-ordinate with all the export associations and take up the following measures.

i) Evolve suitable export oriented strategies focusing on specific product sectors with inputs from the Export Associations / Exporters. This will include taking part in international trade fairs / exhibitions, providing inputs on technology upgradation, packaging, quality, etc.,

- ii) Undertake market research on focus countries, markets and sectors and provide market information to the exporting community.
- iii) Have a time bound action plan to implement the above strategies and accelerate export growth.

(b) For effective export promotion in the districts, the industries and traders may be classified into three categories in each district, as given below

- i) Industries / traders who are already exporting
- ii) Industries / traders who are exporting through merchant exporters
- iii) Industries / traders who have not yet entered the export field.

Efforts will be made to upgrade industries / traders in categories (ii) & (iii) to take up direct exports.

(c) A District Level Export Promotion Committee(DLEPC) in all the districts will be constituted comprising of

- i) A senior level officer of the District Industries Centre
- ii) A representative of local Chambers / Industry Association
- iii) Two prominent exporters from the district
- iv) Lead Bank Manager
- v) Concerned Departments Officers

The DLEPC will draw upon the expertise of VITC in export promotion and chalk out a time bound and effective action plan to

- i) Prepare a comprehensive database on existing exporters in the district
- ii) Identify industries / traders who are exporting through other merchant exporters
- iii) Identify the industries / traders with potential products for exports and
- iv) Resolve local problems of exporting community.

(d) DLEPCs will adopt following strategy to augment and accelerate exports:

a) Identify the bottlenecks / problems faced by the existing exporters and resolve them. The exports will increase significantly in a short period with the creation of a suitable export conducive environment.

b) The Industries / traders who are exporting their products through other merchant exporters will be trained to export directly by giving them intensive training in exports, providing regular market information and other related information on a regular basis from VITC. Since their products have already been accepted in the overseas markets, these Industries / traders are expected to become exporters within a short time and help in increasing exports significantly.

c) After the DLEPC has identified the potential exporters in the district, VITC will in co-ordination with local DIC / Chamber / Industry Association counsel and train the industries / traders to export their products. This will be a long term strategy.

d) The DLEPC will also submit suitable proposals for developing export infrastructure in their districts.

e) The Commissioner for Industrial Development, who is the Chairman of the Sub-Committee of SLEPC shall monitor the work of DLEPCs and ensure their effective functioning.

f) E-Governance for International Trade

Since many industries / traders do not have the wherewithal to take up export activity due to lack of knowledge on the trade, it is proposed to establish an E-Governance facility at VITC, Bangalore and connecting six major districts viz., Bangalore, Mysore, Mangalore, Belgaum, Bijapur & Hubli to start with, which would facilitate the existing and potential exporters in Bangalore and these districts to have online chatting / video conferencing with experts, concerned departments / organisations and obtain online updation of latest notifications / circulars, clarifying doubts / questions related to exports, generate online trade enquiries etc., at one single place without travelling.

g) VITC B2B Exchange

To capitalise on the potential for exporting through the internet, it is proposed to upgrade the existing VITC trade portal to a full fledged B2B exchange, which would facilitate even the small and tiny unit in the State to take up online trading activity

h) By suitable adoption of the above measures and proper co-ordination of the concerned Depts / organisations with the exporting community, it is proposed to not only help the existing exporters of the State to export more, but also motivate new entrants in the field.

VI (C) Export Incentives

17. Following schemes for export incentives are to be implemented by the State:

a) Market Development Assistance (MDA) Scheme

The MDA scheme of the State Govt., shall focus on the small and medium manufacturing units who wish to enter export field and small merchant exporters of the State and would be administered by VITC. This scheme would include among others, financial support for visit of Trade Delegations to other countries, participation in International Trade Fairs/ exhibitions, Market Survey Reports, Publicity in foreign media etc. Initially an outlay of Rs.1.00 crore per year will be provided under the scheme.

b) Brand Equity Fund :

A brand equity fund with an allocation of Rs.1.00 crore per year will be setup at VITC under the scheme. This will be aimed at building strong globally competitive brands for products manufactured /produce originating from Karnataka.

c) Market Research Fund

A market research fund with an allocation of Rs.1.00 crore per year will be setup at VITC to activate a mechanism for providing live and timely market information on products and markets which will help the SME exporters to enter the export market directly.

d) Technology Upgradation Fund

Priority will be given to the exporting units of the State to avail of the facilities under the Technology Upgradation Fund created under new Industrial Policy released in 2001.

e) Export Awards

VITC on behalf of Govt. of Karnataka is awarding export awards to top exporters of the State for their excellence in exports. These awards will be in those sectors that are focus sectors for the State viz., IT, BT, Food Processing, Precision Engineering, Electronics & Communications, Garments and Machine Tools. A one time corpus fund of Rs.1.00 crore will be setup for this purpose.

19. All export oriented industries will be eligible for incentives and concessions as detailed in the Government Order No.FD 161 CSL 2001(2) dt 30th November 2001, FD 161 CET 2001 dt. 13th Nov 2001 and CI 167 SPI 2001 (P3) dt. 24th Sept 2002.. For the purpose of the incentives as per the above orders a unit is defined as an "Export Oriented Unit" if it exports a minimum of 25% of its production in any financial year. Incentives for units set up in Special Economic Zone will be however be governed by the Special Economic Zone Policy as per the Government Order No.CI 282 SPI 2001 dt 25th February 2002.

VI (D) Export Infrastructure

20. Creating good infrastructural facilities in potential export centres will receive utmost priority. Government will encourage participation of private sector in developing export infrastructure with a time bound implementation plan on suitable models like BOT, BOOT, BOST etc., In particular the following infrastructure projects will receive attention.

a) Ports / ICD / CFS

At present, there is one major Sea Port, the New Mangalore Port Trust at Mangalore, one minor sea port at Karwar, an Inland Container Depot of CONCOR at Bangalore and a MSIL Air Cargo Complex at Bangalore Airport. The Central Warehousing Corporation have setup 2 Container Freight Stations which are operating in Mangalore and in

Whitefield, Bangalore. They have also proposed to establish six more Container Freight Stations at Dharwad, Bagalkot, Mysore, Hassan, Karwar and Raichur which are at various stages of implementation at present. In addition, few CFSs are also being setup in the private sector.

It is proposed to setup minor airports at Hubli, Mysore, Gulbarga & Bellary to start with, and minor seaports in Malpe / Moodabidri, DK and Tadri, UK, to facilitate exports from the State.

b) Special Economic Zone

Vide G.O.No. CI 94 SPI 2001 dated 19-4-2001 the State Government had approved establishment of Special Economic Zone at Hassan. In order to boost the investors confidence in Special Economic Zone and to highlight the State Govt's stand on issues relating to State levies, generation and distribution of power, environmental clearances etc., the Govt. vide G.O. No. CI 282 SPI 2001 dated 25th Feb. 2002 has formulated a State Policy for Special Economic Zones to govern the development, operation and management of Special Economic Zones and the industrial units to be established therein.

It is proposed to establish an exclusive SEZ for electronic hardware near the proposed International Airport at Devanahalli. It is also proposed to convert the existing Export Promotion Industrial Park at Whitefield, Bangalore and the proposed Export Promotion Industrial Park at Mangalore into SEZ.

It is also proposed to establish SEZs in other parts of the State based on need and feasibility studies.

c) Agri Export Zones and Food Parks

Agri Export Zones for Gherkins are being setup in Bangalore Urban, Bangalore Rural, Chitradurga, Dharwad, Bagalkot, Hassan, Tumkur and Kolar. Six Food Processing Parks have been cleared by the Central Govt. in the State at Malur, Bagalkot, Chitradurga, Belgaum, Maddur and Jewargi.

d) Apparel Export Parks

Two Apparel Export Parks will be setup at Doddaballapur and Bellary.

e) IT Enabled Services Clusters

It is proposed to setup hi-tech IT enabled services clusters in important districts of the State.

f) Permanent Exhibition /Trade Centre

A permanent Exhibition Centre at Whitefield, Bangalore is being setup with the assistance of ITPO.

g) Assistance to States for Developing Export Infrastructure and other Allied Activities(ASIDE) Scheme

For the year 2002 - 03 in the tenth five year plan, Ministry of Commerce, Govt. of India has allocated Rs.330 Crores to the State Govts, under a new scheme of Assistance to States for Developing Export Infrastructure and other Allied Activities(ASIDE), based on their export performance. For this purpose, the shipping bill has been duly amended to incorporate a column for filling up information relating to 'State of Origin of goods'. The funds will be distributed to the States based on the State figures compiled by DGCI&S on this basis. The "State of Origin of Goods for Karnataka is 84".

The specific purposes for which the funds allocated under the Scheme can be sanctioned and utilised are as follows:

- i) Creation of new Export Promotion Industrial Parks/Zones (including Special Economic Zones (SEZs)/Agri-Business Zones) and augmenting facilities in the existing ones.
- ii) Setting up of electronic and other related infrastructure in export conclave.
- iii) Equity participation in infrastructure projects including the setting up of SEZs.
- iv) Meeting requirements of capital outlay of EPIPs/EPZs/SEZs
- v) Development of complementary infrastructure such as roads connecting the production centres with the ports, setting up of Inland Container Depots and Container Freight Stations,
- vi) Estabilising power supply through additional transformers and islanding of export production centres etc.
- vii) Development of minor ports and jetties of a particular specification to serve export purpose.
- viii) Assistance for setting up common effluent treatment facilities for which separate guidelines will be issued.
- ix) Projects of national and regional importance
- x) Activities permitted as per EDF in relation to North East and Sikkim

The proposals for the various export infrastructural projects required to be implemented for acceleration of exports and submitted by the DLEPC / other concerned agencies will be scrutinised and cleared by the State Level Export Promotion Committee (SLEPC) headed by the Chief Secretary of the State.

VI (e) Deregulating Business Environment

21. Deregulation of business environment is imperative to enable exporters to operate in the State with ease. With the objective of providing an efficient, responsive and transparent administrative frame work the following is envisaged,

a) Visvesvaraya Industrial Trade Centre (VITC) shall be the Nodal Agency to guide and provide assistance to the exporters as well as to facilitate clearances from regulatory departments and resolve operational problems of exporters.

b) Public Utility Status

The Govt. of Karnataka will review existing legislations to assign Public Utility Status to exporting units who satisfy eligibility criteria as per relevant statistics.

c) Green Card

In order to enable exporters having good track record to move their export / import consignments freely without any hindrance from any of the Departments, the Govt., shall issue them with green card facility, as per following criteria

Criteria:

Exporters in Karnataka who are

- a) Manufacturers / Processors or
 - b) 100% EOUs as defined under EXIM Policy of Govt. of India or
 - c) having Green Channel facility with the Customs
- and who qualify as per all the following criteria will be issued Green Card facility by the Govt. of Karnataka

- Average Annual Export Turnover of Rs.1 Crore or more in the last 3 years
- The dealer should not have pending cases or Tax dues beyond 6 months other than normal appeals
- Has not been ever convicted under cases of Tax evasion or fraud
- Having at least 3 years of existence in business
- Prompt in payment of Taxes by Self Assessment
- Prompt in depositing P.F. amounts

Facility:

The Green Card would entitle the holder to minimum inspection and speedy clearance of all proposals by all Departments of the State Government. A few of the areas where this can be of great help to Exporters are detailed below:

- Trucks carrying cargo of card holders would have minimum inspection at check post and would not be detained
- Issue of statutory forms on demand without rationing
- Special Grievance cell for Green card holders relating to all departments
- Single window agency for all state department for licence / permission / compliance / renewals etc

- Surprise visits by none other than jurisdictional assessing officer or else visits with prior intimation only. A Senior Officer would verify information received first.
- All cases to be attended to at the State head quarters.

How the System should work

- Issuing Authority:- Shall be issued by VITC with seal and signature of Commissioner for Industrial Devpt and Director of Industries & Commerce and Commissioner for Commercial Taxes
- Validity of the Card would be for 3 years. (Smart Card)
- Unique computer generated identification code would be given to the card holder
- Form 39 would be of different colour or specially stamped
- Stiff penalties for willful defaults
- Quarterly meeting between Green card holder and Government department heads chaired by the Additional Chief Secretary & Principal Secretary, C &I Dept to solve any problems and disputes.
- The Green card holder would provide self-certification/affidavit in lieu of the relaxations/exemptions provided.