WORLD TRADE CENTRE™ MUMBAI

Promoted by MVIRDC

M. Visvesvaraya Industrial Research and Development Centre

World Trade Day Maharashtra

Enhancing Export Competitiveness of Maharashtra

May 18-27, 2017

Handbook : International Trade

Mumbai | Nashik | Pune | Nagpur | Aurangabad | Kolhapur

May 18 | May 22 | May 24 | May 25 | May 26 | May 27

MVIRDC World Trade Centre Mumbai Initiative

MVIRDC

M. Visvesvaraya Industrial Research and Development Centre

Bharat Ratna Sir M. Visvesvaraya

(15 September, 1860 - 14 April, 1962)

World Trade Centre Mumbai is the realization of the vision of Sir M. Visvesvaraya - engineer, scientist, and a great son of India. Named after him, M. Visvesvaraya Industrial Research & Development Centre (MVIRDC) is the promoter of World Trade Centre Mumbai.

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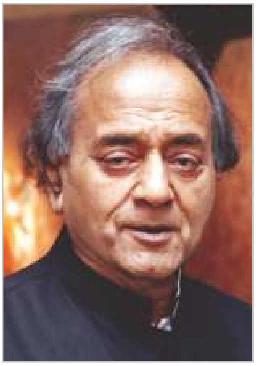

Global Markets continue to change with developments across countries and it has become crucial for all stakeholders in the arena of international trade, to equip themselves with a holistic view of latest trends and best practices, implemented by countries and regions, to enhance their footprints in overseas markets. World Trade Centre Mumbai has launched the pioneering initiative of celebrating World Trade Day in Maharashtra to analyse the opportunities and challenges posed by the changing global patterns of trade.

International trade, particularly exports, is a key driver of economic growth as it creates employment opportunities, generates foreign exchange and provides new market opportunities for local companies. Maharashtra is already a major export hub with 25% of India's merchandise exports originating from this state. However, there is further scope to promote exports from micro, small and medium enterprises (MSMEs) in this state by connecting them to global value chain.

In order to reach out to MSMEs across the entire state, World Trade Day will be organized in six regions of Maharashtra, viz. Mumbai, Nashik, Pune, Aurangabad, Nagpur and Kolhapur, from May 18-27, 2017. The event would provide an effective forum for exporters, MSMEs and startup enterprises to understand the overall world view of international trade.

As part of this event, World Trade Centre Mumbai is releasing this Handbook to disseminate knowledge on international trade and its significance to economic growth. The Handbook is a compilation of articles from experts on international trade.

We are confident that the Handbook will be an eye-opener offering useful information about the export potential of Maharashtra, procedures involved in international trade and various government schemes to promote exports from the country.

Mr. Kamal Morarka
Chairman, World Trade Centre Mumbai

WORLD TRADE CENTERS ASSOCIATION

May 18, 2017

It is my pleasure to extend a heartfelt note of congratulations to World Trade Center (WTC) Mumbai and all of Maharashtra for "World Trade Day" (WTD) 2017. As Chief Executive Officer of the World Trade Centers Association (WTCA), one of my most important jobs is recognizing the fantastic work of our Members around the globe. I am delighted to offer that praise to you today.

Our organization is made up of more than 300 Members in nearly 100 countries, all of which conduct their business under the iconic "World Trade Center" brand. But more than just a name, using this moniker means that you offer important services that help encourage global trade to the benefit of all Members and their local economies.

Always active, always engaged and always willing to offer an important point of view, WTC Mumbai—and the cities that will celebrate this pioneering effort, including Nashik, Pune, Nagpur, Aurangabad and Kolhapur—is bringing the importance of international trade to all of their local cities and businesses. Together with the perspectives of the experts and policy makers assembled, this event will act as an important catalyst to stimulate important economic development.

Our Association and network are here to help create new opportunities for the cities that our Members serve, and with 25 percent of India's overall exports, Maharashtra is the perfect place to launch this endeavor. It is because of this, and the exemplary efforts of our Members in the region that I once again extend my gratitude and congratulations on this auspicious occasion.

Thank you, and best wishes for all your continued success.

Best Regards,

Scott Ferguson
Chief Executive Officer
World Trade Centers Association

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Schedule of the World Trade Day in Key Cities of Maharashtra

Date	City	Programme	Supporting Organization
May 18, 2017	Mumbai	Regional Trading Blocs and the Emerging Trading System	All India Association of Industries
May 22, 2017	Nashik	Export Orientation for MSMEs	Ambad Industries & Manufacturers Association
May 24, 2017	Pune	Regional Trading Blocs and the Emerging Trading System	World Trade Centre Pune
May 25, 2017	Nagpur	International Trade & Logistics	Vidarbha Industries Association
May 26, 2017	Aurangabad	Accessing Global Markets for Auto Components	Chamber of Marathwada Industries and Agriculture (CMIA)
May 27, 2017	Kolhapur	Accessing Global Markets for Engineering products	Kolhapur Engineering Association

Dr. Prabir De

Professor, RIS and Co-ordinator, ASEAN-India Centre, New Delhi

Dr. Prabir De is a Professor at the Research and Information System for Developing Countries (RIS), New Delhi. He is also the Coordinator of ASEAN-India Centre (AIC). Professor De works in the field of international economics and has research interests in international trade and development. He was a Visiting Fellow of the Institute of Developing Economies (IDE-JETRO), Tokyo; Asian Development Bank Institute (ADBI), Tokyo; and Visiting Senior Fellow of United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok. He has been conducting policy research for the Government of India and several national and international organizations. Professor De has a Ph.D. in Economics from the Jadavpur University, Kolkata.

He has contributed several research papers in international journals and written books on trade and development. His recent publications include 'Mekong-Ganga Cooperation: Breaking Barriers and Scaling New Heights' (AIC-RIS, New Delhi, 2017); 'Enhancing Economic Relations between India and Mongolia: Tasks and Opportunities' (Knowledge World, New Delhi, 2017); 'Regional Integration in South Asia: Essays in Honor of Dr M Rahmatullah' (Knowledge World, New Delhi, 2017) and 'Celebrating the Third Decade and Beyond: New Challenges to ASEAN – India Economic Partnership' (AIC-RIS and Knowledge World, 2016). He is also the Editor of 'South Asia Economic Journal', published by Sage.

Dr. Siddhartha Roy

Economic Advisor, Tata Group, Mumbai

Siddhartha Roy is Economic Advisor to the $ 102 billion Tata Group. After completing his doctorate, he started his career with the Indian operations of Unilever Limited. He moved to his present assignment with the Tata Group in 2003. He has more than three decades of experience in economics and strategic research.

As Advisor to the Tata Group, he closely monitors the economic and trade policy related developments across geographies particularly in sectors like: Auto, Chemicals, Steel, Power, Telecom, Hospitality, FMCG, and IT, etc. He is involved in a number of projects intended to develop firm level competitiveness. He is also engaged in advising the Tata companies and trade bodies/chambers of commerce on the developments relating to macro economic issues and regional trade agreements, WTO, etc.

He is on the expert committees of the leading Chambers of Commerce. He has been a regular presenter in international conferences focusing on competitiveness studies, public private partnership, international trade related issues and investment flows.

Dr. Rupa Chanda

Professor, RBI Chair in Economics, Indian Institute of Management Bangalore

Rupa Chanda received her PhD in Economics from Columbia University, USA and her Bachelors from Harvard University, USA. She joined IIM Bangalore in 1997. At IIMB, she teaches Macroeconomics and International Trade. She has also served the Institute in various administrative capacities, including as the faculty nominee on the IIMB Board of Governors. She is a recipient of the Dewang Mehta and ICFAI Best Teacher awards, the Alumni Award for Best Faculty in 2012 and has also received several other fellowships and distinctions. Before joining IIMB, she worked as an economist at the IMF in Washington, DC.

Her research interests concern the WTO, international trade in services, regional integration and migration. She has received several research grants and has undertaken research and consulting assignments for organizations such as the ILO, WHO, UNDP, UNCTAD, OECD, World Bank, World Trade Institute, South Centre, IOM, ICRIER, CUTS, CENTAD and IIFT.

Mr. Akshay Mathur

Director, Research and Analysis, and Fellow, Geoeconomics Studies,
Gateway House, Mumbai

Akshay is the Director of Research and a Fellow of Geoeconomic Studies. His research focuses on international financial architecture, global economic governance and foreign economic policy.

Before joining Gateway House, he worked with Fidelity Investments at the corporate headquarters in Boston in the advanced research and strategy group.

He has an MBA from Boston University's Questrom School of Business with concentration in Finance and Business Analysis and research focused on transnational business and global macroeconomics. He has a B.S. in Computer Science from the School of Computer Science at University of Massachusetts, Amherst. Akshay is an alumnus of Mayo College, Ajmer.

He is the co-founder of an NGO called Aasra Gramin Vikas Sansthan and of a social enterprise called Khushi Farms, both based in Ajmer, Rajasthan, India.

Dr. Ram Upendra Das

Head and Professor, Centre for Regional Trade, Indian Institute of Foreign Trade, New Delhi

Dr. Ram Upendra Das is Head, Centre for Regional Trade (CRT), New Delhi. He is also Honorary Fellow, Academy for World Watch, Shanghai, China; Non-resident Fellow, Hazar Strategy Institute (HASEN), Istanbul; Honorary Professor, New Delhi Institute of Management and Member, Academic Advisory Council, Birla Institute of Management and Technology. He was Professor at the Research and Information System for Developing Countries (RIS), New Delhi. His broad areas of specialisation include international economics and development policy.

With over 27 years of research experience, he has contributed to various studies, including inter-governmental Joint Study Groups (JSGs), and international negotiating processes on behalf of the Government of India in the context of India's trade and economic engagements with other countries. He obtained his Ph.D. and M.Phil. degrees in Economics from the Centre for Economic Studies and Planning, School of Social Science, Jawaharlal Nehru University, New Delhi.

Dr. Sukalpa Chakrabarti

Deputy Director & Associate Professor, Symbiosis School of International Studies, Pune

Dr. Sukalpa Chakrabarti is presently Associate Professor (IR & Public Policy) & Deputy Director at the Symbiosis School of International Studies, Symbiosis International University, Pune. She has been teaching across specializations in politics, international relations and international business & economy at UG to PG levels for over fifteen years now. Her areas of interest are International Relations, Politics & Public Policy. Her doctoral research involved a study on the "WTO and its dispute settlement mechanism- the political response of India with regard to IPR & Agriculture." From an area studies perspective, Asian regionalism, diplomacy and the role for India has been her major focus. Dr. Chakrabarti has authored books and contributed chapters to edited books. She has presented papers in various conferences (national and international) and has many publications to her credit.

Dr. Manoj Pant

Professor of Economics & Dean, School of International Studies,
Jawaharlal Nehru University, New Delhi

A graduate of St. Stephen's College, Delhi University, Professor Manoj Pant completed his MA from the Delhi School of Economics in 1975 and his Ph.D from the Southern Methodist University, Dallas, Texas, USA in 1982. Since 1985, he has been a faculty member of the Centre for International Trade and Development, School of International Studies, Jawaharlal Nehru University, India and is currently Professor of Economics and Dean, School of International Studies, JNU. Prior to that he was teaching Economics in Delhi University since about 1975. He has also been a guest lecturer in business schools of Indian Institute of Management, Lucknow and the Indian institute of Foreign Trade, IIFT, Delhi, University of Lucerne, Switzerland and a visiting scholar at the Department of Economics, Columbia University, Massachusetts, USA.

His fields of interest are International Trade Theory, Foreign Investment, Competition Policy and the WTO.

Prof. Virendra S. Gupte

Advisor, Tata International and Faculty, World Trade Centre Institute of
International Trade, Mumbai

Professor Gupte is a Consultant & Senior Faculty of World Trade Center Institute, Mumbai. He was the Head of Trade Services at Tata International Limited. He has worked as Chief Ethics Counsellor of the company. He has handled regulatory affairs/trade matters, setting up representative offices and subsidiary companies in diverse geographies, risk management process, corporate sustainability, etc.

Prof. Arvind N. Khedkar

Rich experience in the Corporate sectors from Mukund Ltd. to Bhilwara Group of Industries and Faculty, World Trade Centre Institute of International Trade, Mumbai

Professor Khedkar is an M. Tech in Metallurgical Engineering from Indian Institute of Technology Bombay (Gold Medalist) from where he also did his B-Tech in Metallurgical Engineering. He has done his Masters in Management from Mumbai University and has also obtained a Masters in Foreign Trade.

He joined the corporate world with M/s Mukund Ltd. where he worked for 3 years and then moved to M/S Krishna Steel Industries where he worked for 2 years. Thereafter, Professor Khedkar served Bhilwara group of Industries for two decades where he was General Manager (Domestic & International).He opted for voluntarily retirement prior to taking up academics on a full time basis.

Professor Khedkar has been a visiting faculty to many institutes in Mumbai teaching marketing management, consumer behaviour, international business, shipping & logistics, quantitative techniques in marketing, foreign trade policy, negotiation skills and marketing strategy. He has more than 250 training programs in his credit.

Mr. Dushyant Mulani

Director, M/s Khimji Poonja Freight Forwarders. Pvt. Ltd.
and General Secretary, Brihanmumbai Custom House Agents' Association

Dushyant Mulani is a director of Khimji Poonja Group which is in existence for past ten decades. He was instrumental in rolling out of Single Window Project and closely worked with CBEC for effective roll out. He is actively pursuing the measures of Ease of Doing Business with DGFT, CBEC and Ministry of Civil Aviation, Ministry of Shipping, Etc.

Mr. Mulani is a member of Board of Trade set up by Directorate General of Foreign Trade and as Honorary Secretary of Brihanmumbai Custom House Agents Association (BCHAA). He is a Member of Permanent Trade Facilitation Committee (PTFC), and Customs Clearance Facilitation Committee (CCFC) Forum at Mumbai.

He is actively pursuing exim trade for improvement in data quality and total compliance of laws and procedures in process of clearance of exim cargo. He has vast experience of more than 25 years in field of supply chain, end to end logistics.

India's Trade Prospects with RCEP

India seems to be at the crossroads of choosing between joining a mega trading bloc like Regional Comprehensive Economic Partnership (RCEP), going for more bilateral FTAs or sticking to multilateral trade negotiations regime under the WTO. India has gained from the dispute settlement mechanism of the WTO in the past and has been a protagonist of multilateralism even though the Modi government objected to WTO's Trade Facilitation Agreement (proposed in Bali, 2013) when questioned about India's public stockholding of food for PDS. It flagged the important issue of food security, arguing that sovereign states must have the right to decide the manner in which their poor should be provided subsidized food. In 2016, India signed the TFA along with 112 nations.

Meanwhile, other mega trade deals have surfaced prominently. The Trans Pacific Partnership (TTP) was slated to be the biggest trading bloc involving major powers around the Pacific involving 12 countries but minus India and China. Trans Trade and Investment Partnership (TTIP) was supposed to be a companion treaty of TPP, and planned to be another mega trade and investment deal between the US and the EU. The TPP may be pronounced dead due to Trump's putting a spanner in it on 16th January 2017 after becoming the President of US.

Today, India's interests in the trade arena are very important as it strives to boost export growth and create jobs. It wants access to the global markets in goods and services as it is championing 'Make in India' campaign. Unfortunately the controversy surrounding H1B visas and Trump's idea of allowing only very skilled persons into the US has stressed India's IT sector's future growth. If India joins the other 16 member mega bloc RCEP, it may have better chances of expanding services exports further.

The RCEP involves negotiations in goods, services, investment, economic and technical cooperation, intellectual property rights, competition, dispute settlement and other issues like Rules of Origin, customs procedures and trade facilitation measures. The partners include the 10 countries of ASEAN, China, Japan, South Korea, India, Australia and New Zealand.

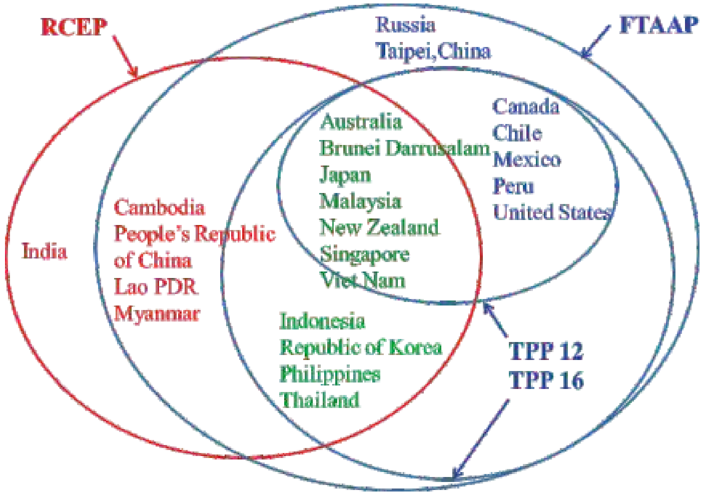
There are many hitches to RCEP being signed as it calls for drastic changes in tariff rates which may not be acceptable to India. Besides China's dominance in the grouping is a potential drawback and may be a deterrent to India joining it.

But India should join because it will mean access to the Asia Pacific region which will be important for its future economic and strategic status in the region. RCEP is also an important opportunity for India to meet the higher standards promoted by a mega Regional Trading Agreement (RTA) while it continues to support its domestic industries and promotes the development dimensions of trade. India has indicated its interest especially in expanding trade in services, removing trade barriers as well as specific interest in trade in goods like pharmaceuticals and textiles.

India is prepared to reduce tariff rates and at the RCEP meeting in Laos in 2016 it made the bold move of suggesting a single level of tariff for all members rather than proposing a three tiered, differential rate of tariff reduction, subject to the provision of minimum deviation for some nations.

The rise in protectionism and non- tariff barriers and regulatory measures and the deadlock in WTO negotiations are important reasons for India to go with the RCEP agreement as it can increase market access in a mega grouping. The combined GDP (at PPP) of RCEP members will be around $49.5 trillion and will cover a population of 3.5 billion. But the negotiations that began in 2012 are long drawn and secretive and are expected to be concluded by the end of 2017.

India's export growth has been languishing in the past two years and service exports are facing problems in not only US but also Australia. Recently however, India's merchandise export growth was in double digits (27.5 per cent in March 2017) because of a spurt in world trade. India is especially looking at opening up issues under Mode 4 that deals with cross border migration of service professionals. India's rupee has recently firmed up which means that IT firms will face problems in exporting services as they will be rendered less competitive. According to Indian official sources, India has made it clear that it can be engaged in tariff reduction on merchandise trade only if discussions on India's service trade continue as per India's agenda.



On the goods trade side, Indian manufacturing sector remains relatively less competitive than the RCEP negotiating partners. In plantations, textiles, automobiles, engineering and pharmaceuticals India may face tough competition.

Hence reforming the vulnerable sectors is important to make them competitive before India joins the mega RTA which would involve heavy investment in trade related infrastructure for reducing the high transaction costs faced by Indian exporters. It should weigh carefully the gains versus the potential losses of becoming a partner in the treaty. India already has Free Trade Agreements with ASEAN, South Korea, and Japan. With all of them India has big trade deficits. Thus India will have to realize that opening up trade further will only mean more imports from these countries. With China, India has used anti- dumping duties and other countervailing measures at the WTO to protect its domestic industry from unfair competition due to Chinese under-priced goods coming in. India's trade deficit with China stands at $52.7 billion (2015-16). Naturally India is worried and it has proposed a phasing out of tariffs over a period of 20 to 30 years to become competitive. RCEP agreement however has been criticised by global and Indian health activists for potentially forcing India to end its cheap supply of drugs specially related to HIV/AIDS to developing countries, especially Africa. India has to be wary of measures that may lead to its losing the right to produce cheap generic drugs due to the enforcement of a strict IPR regime related to patent term extension and data exclusivity.

There are chances that WTO negotiations will be concluded now that TTP is off in which case India can go ahead and remain within the multilateral framework of the WTO and negotiate Trade facilitation Agreement on services. The gains to be had in increasing trade in service exports should be the main criterion for India going ahead with RCEP.

Ms. Jayshree Sengupta
Senior Fellow, Observer Research Foundation

Contemporary Contours of ASEAN-India Relations

India and ASEAN are home to 1.8 billion people and have an economic size of US$ 3.8 trillion and a substantial share of world resources, economic and otherwise. Both share land and maritime boundaries to each other. ASEAN-India relations are firmly embedded in culture, commerce and connectivity. India's "Look East Policy" (LEP) was in force for more than two decades, and thereafter, it has been transformed into a more serious "Act East Policy" (AEP) with ASEAN at its core. The ASEAN-India relations have gained constant momentum throughout this period. Starting as a sectoral partner of ASEAN in 1992, India became a dialogue partner of ASEAN in 1996, a summit-level partner in 2002 and a strategic partner in 2012. The year 2017 marks the 25 years of ASEAN-India dialogue partnership, 15 years of summit level interaction and 5 years of strategic partnership.

Wide Contemporary Engagements

Overtime, the landscape of ASEAN-India relations has widened with full of colours and activities. ASEAN and India are both contributors to regional growth and stability. Today, there are 30 dialogue mechanisms between India and ASEAN, including a Summit and seven Ministerial meetings in a wide range of sectors such as Foreign Affairs, Commerce, Tourism, Agriculture, Environment, Renewable

Table 1: Present Scenario of ASEAN-India Engagements

ASEAN-India FTA	• Completed with the entering into force of the Services and Investment agreement in 2015	•Bilateral trade: US$ 71 billion in 2016-17 (India's export to ASEAN US$ 30 billion, India's import from ASEAN US$ 41 billion) •Growing value chains, but slowly •Rising trade deficit is a matter of concern •Low utilization of FTA
RCEP	• Being negotiated	•Till December 2016, total 15 rounds of RCEP negotiation were held.
Trade facilitation (e.g. Customs cooperation)	• Unilateral initiatives • WTO TFA	•ASEAN single window under implementation and India's SWIFT working already
ASEAN-India maritime transport agreement	•Being negotiated	•Target date of signing of agreement - 2017
ASEAN-India air transport agreement	•Proposed	•High imbalance between carriers; major ASEAN airlines (e.g. SQ or TG) utilise 100% slots
Land transport	•Trilateral highway & extension to CLV •MIEC •Kaladan MMTTP	•Ongoing but slow pace •Must build strong backward linkages in India's NER
Digital network	• Optical fibre network between India and ASEAN	•Ongoing but slow pace

Source: Author's own

Energy and Telecommunications. Table 1 presents the current scenario of engagement of ASEAN-India relations.

Economic, strategic and cultural relations between ASEAN and India are deep rooted. India's participation in ADMM+, EAS, ARF, MGC, ACD, IORA are part of this process. India is strategic partners of ASEAN as well as Vietnam, Singapore, Malaysia, Indonesia, Russia, China, US, Japan, South Korea and Australia. In the last two years, President, Vice President and the Prime Minister of India visited 9 out of 10 ASEAN countries. Such high order of importance India attaches to ASEAN today.

Economic Relations Drive the Partnership

Economic ties between India and ASEAN are deepening day by day. In 2016, ASEAN was India's 4th largest trading partner, accounting for 10 percent of India's total trade. In the same year, India was ASEAN's 7th largest trading partner. Barring the Philippines, India has completed the task of tariff liberalisation under this Agreement in December 2016. Investment flows between them have been growing constantly with more inward FDI coming for 'Make-in-India'. The Free Trade Agreement (FTA) in goods, implemented in 2010, and the services trade and investment agreement in 2015 between ASEAN and India represent an important effort to enhance ASEAN-India integration. India has also signed bilateral CEPAs/CECAs with Japan, Korea, Singapore, Malaysia, along with a regional FTA with ASEAN. India is a partner of the Regional Comprehensive Economic Partnership (RCEP), which is a comprehensive free trade agreement being negotiated between the 10 ASEAN members and ASEAN's FTA partners, i.e., Australia, China, India, Japan, Korea and New Zealand. ASEAN India-Business Council (AIBC), set up in March 2003, has been entrusted to bring key private sector players from India and the ASEAN countries on a single platform for business networking and sharing of ideas. ASEAN has embraced the ASEAN Economic Community (AEC) on 1st January 2016, albeit on a smaller scale. In parallel, ASEAN has undertaken series of initiatives to achieve the AEC 2025 milestones. AEC will

Table 2: Trends in India-ASEAN Trade in Goods

Year	Indian Export to ASEAN	Indian Import from ASEAN	Total Trade
	(US$ billion)		
2009-10	18.11	25.80	43.91
2010-11	25.63	30.61	56.24
2011-12	36.74	42.16	78.90
2012-13	33.01	42.87	75.87
2013-14	33.13	41.28	74.41
2014-15	31.81	44.71	76.53
2015-16	25.15	39.91	65.06
2016-17(P)	30.12	40.69	70.81

Note: P: Data for March 2017 is provisional
Sources: Author's own based on Export-Import Databank, Department of Commerce, Government of India and DGCIS, Kolkata

bring economic opportunities to India, and India's growth an opportunity for ASEAN too.

Trade Back in Track

After almost two years of slow growth, ASEAN-India trade is now back in track. India's export to ASEAN has increased to US$ 30 billion in 2016-17 from US$ 25 billion in 2015-16 (Table 2). India's import from ASEAN is very important elements to growing value chains. However, import is yet to acquire a pace. Driven by rising and favourable commodity prices, India's trade with ASEAN has increased to US$ 70 billion in 2016-17 from US$ 65 in 2015-16 FY. This is a good sign as we celebrate the 25th anniversary of ASEAN-India dialogue partnership and 50th year of ASEAN establishment in 2017.

Table 3: India's Trade with ASEAN in 2016-17*

S. No.	Country	Export	Import	Total
		(US$ billion)		
1	Brunei	0.04	0.57	0.61
2	Cambodia	0.11	0.04	0.15
3	Indonesia	3.31	13.87	17.18
4	Lao PDR	0.03	0.17	0.20
5	Malaysia	5.22	8.72	13.94
6	Myanmar	1.10	1.00	2.10
7	Philippines	1.52	0.57	2.10
8	Singapore	9.11	7.44	16.55
9	Thailand	3.17	5.61	8.79
10	Vietnam	6.51	2.69	9.20
	ASEAN Total	**30.12**	**40.69**	**70.81**

Note: *Data for March 2017 is provisional
Sources: Author's own based on Export-Import Databank, Department of Commerce, Government of India and DGCIS, Kolkata

India's exports to ASEAN witnessed 'V' shape recovery, and the fall has been checked. Recovery was driven by India's export to ASEAN, gone up by about 20 percent in 2016-17. Indonesia, Malaysia and Singapore are India's top three trade partners in ASEAN (Table 3). India's exports to Malaysia, Indonesia, Singapore, Brunei and Vietnam witnessed higher than average growth. However, traditional import sources are yet to stabilize. India is gaining production linkages with Malaysia (e.g. electronics), Thailand (e.g. automobiles), Singapore (e.g. digital networks), etc. in ASEAN.

Building Connectivity

ASEAN-India connectivity is a matter of strategic priority for India as also the ASEAN countries. While India has made considerable progress in implementing the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Transit Transport Project, issues related to increasing the maritime and air connectivity between ASEAN and India and transforming the corridors of connectivity into economic corridors are under discussion1. A possible extension to India-Myanmar-Thailand Trilateral Highway to Cambodia, Lao PDR and

Vietnam is also under consideration. A consensus on finalising the proposed protocol of the India-Myanmar-Thailand Motor Vehicle Agreement (IMT MVA) has been reached. This agreement will have a critical role in realizing seamless movement of passenger, personal and cargo vehicles along roads linking India, Myanmar and Thailand. India supports the implementation of the Master Plan on ASEAN Connectivity 2025. India is also working together for an early conclusion of the Agreement on Maritime Transport between ASEAN and India and for the convening of the first Meeting of the ASEAN-India Working Group on Regional Air Services Arrangement. To build digital connectivity through the use of Gigabit-capable Passive Optical Network (GPON) technology has been welcomed by ASEAN. Nevertheless, the potential energy security remains to be explored.

India has announced a Line of Credit of US$ 1 billion to promote projects that support physical and digital connectivity between India and ASEAN, and a Project Development Fund (PDF) with a corpus of INR 5 billion to develop manufacturing hubs in CLMV countries. India has three major ASEAN-India Cooperation Funds, namely, ASEAN-India Fund, ASEAN-India S&T Development Fund, and ASEAN-India Green Fund. There have been significant developments in the agriculture, processed food, machinery, electrical and electronics, travel and tourism, education sectors.

Besides, India has been cooperating with ASEAN by way of implementation of various projects in the fields of Agriculture, Science & Technology, Space, Environment & Climate Change, Human Resource Development, Capacity Building, New and Renewable Energy, Tourism, People-to-People contacts and Connectivity etc. For example, Space Project envisaging establishment of a Tracking, Data Reception/Data Processing Station in Ho Chi Minh City, Vietnam and upgradation of Telemetry Tracking and Command Station in Biak, Indonesia; Setting up of Centres of Excellence in Software Development & Training in CLMV countries are some of the major projects under implementation.

In the field of agriculture, India and ASEAN have projects such as Exchange of Farmers, ASEAN-India Fellowships for Higher Agricultural Education in India and ASEAN, Exchange of Agriculture Scientists, Empowerment of ASEAN-Indian Women through Cooperatives etc. In the S&T field, there are projects such as ASEAN-India Collaborative Project on S&T for Combating Malaria, ASEAN-India Programme on Quality Systems in Manufacturing, ASEAN-India Collaborative R&D Project on Mariculture, Bio-mining and Bioremediation Technologies, etc.

Focus CLMV

India has been supporting ASEAN specially CLMV countries under the Initiatives for ASEAN Integration, which include projects on Training of English Language for Law Enforcement Officers in CLMV countries and Training of professionals dealing with capital markets in CLMV by National Institute of Securities Management Mumbai. To boost People-to-people Interaction with ASEAN, India has been organising various programme including Training Programme for ASEAN diplomats, Exchange of Parliamentarians, Participation of ASEAN students in the National Children's Science Congress, ASEAN-India Network of Think Tanks, ASEAN-India Eminent Persons Lecture Series, etc. India is establishing four Centres of Excellence in Software Development & Training (CESDT) in CLMV countries, including the setting up of an IT Resource cum Study Centre at CDAC, Noida consisting of one existing Lab and one new Lab as well as the development of 12 e-learning courses in six identified areas.

Dealing Non-traditional Security Threats

In case of security, ASEAN countries also look to working closely with India in securing the trade routes, freedom of navigation in international waters, over flights, threat or use of force to intimidate, reducing piracy along the Malacca Straits, cooperating in addressing traditional and non-traditional security challenges, including in areas of de-radicalization, prevention of violent extremism and cyber crime. They also look to India's support in dealing with natural disaster management. The Tsunami of 2005 made us all aware, how important and essential it was to work together when faced with natural disasters. India supports ASEAN's efforts in handling disasters and risk reduction as envisioned in ASEAN Community Vision 2025 on Disaster Management and also supports ASEAN in the realization of ASEAN Declaration on One ASEAN, One Response.

Setting up Institutions

To deal with such wide ranging activities, stronger institutions are needed. India has set-up a separate Mission to ASEAN in Jakarta in April 2015 and ASEAN-India Centre (AIC) in New Delhi in 2013 to help facilitate India's engagements with ASEAN. To facilitate Track II dialogue, India has set-up the ASEAN Studies Centre (ASC) in Shillong in 2016, and conducted series of dialogues, seminars and conferences across the country. Delhi Dialogue (DD) is one of the flagship projects, which has gained popularity in both ASEAN and India.

Mapping the Agenda and an Action Plan

A Plan of Action (POA) for the period 2004-2010 was developed to implement the ASEAN-India Partnership. Most of the obligations of the 2nd POA (2010-15) have been implemented. The 3rd POA (2016-20) was adopted by the ASEAN-India Foreign Ministers Meeting held in August 2015. ASEAN and India have finalised a list of priority areas for the period of 2016-2018, which would contribute towards successful implementation of the 2016-2020 Plan of Action. Out of 130 activities identified in the 3rd Plan of Action, a set of 54 activities have been already implemented.

India is remained committed to working closely with ASEAN with a view to bringing the ASEAN-India Strategic Partnership to new heights. A series of events have been planned throughout the year 2017 on the theme "Shared Values, Common Destiny."

Engaging Northeast India

India and ASEAN are becoming more economically integrated and that there is ample scope for deepening this integration process2. Given India's diversity and geographical contrasts, an integrated transport network with Southeast Asia in particular is required to support the integration process. Stronger connectivity across India's Northeastern Region will build a stronger network of cross-border production chains, particularly with Southeast Asia. To facilitate the production networks, free flow of investment and movement of skilled labourers across the region are must. Indian government under the leadership of Prime Minister Narendra Modi has taken up huge infrastructure development projects in Northeast India. Time is ripe for India to establish a strong economic partnership with ASEAN

Notes:

1. Refer, for example, AIC (2015) ASEAN – India Development and Cooperation Report, ASEAN-India Centre (AIC), Routledge India, New Delhi

2. Refer, De, Prabir and Suthiphand Chirathivat (eds.) (2016) Celebrating the Third Decade and Beyond: New Challenges to ASEAN – India Economic Partnership, Knowledge World, New Delhi

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Dr. Prabir De
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International Trade and Urban Economy: Deciphering the Linkage

This article takes a look at the impact of international trading linkages on the economy of the cities, with a focus on Pune.

Alongside the deepening of India's economic integration with the world economy through a network of bilateral, regional, and multilateral trade agreements, the Government of India is also focussed on development of cities as hubs of national growth. The emphasis is on enabling cities to play a proactive role in facilitating national economic development and to enhance trade and economic development linkages with cities across the globe.

Increasingly, it is the major and secondary cities that are emerging as key players in international trade and development. The linkage stems from the fact that it is the firms that trade and trade takes place among firms based primarily in cities. The cities provide infrastructure, services, connectivity and human resources to the locally based domestic and foreign-owned firms. To attract foreign investments, local municipal governments are keen to put in place necessary infrastructure and regulatory reforms. The firms find it convenient to operate from cities which attract capital, facilitate job creation and provide market access that promotes trade. This in turn attracts investment from around the globe into the urban economy, generating income and employment benefits for the residents of the city. Parallely, trade liberalization has been found to be inextricably linked with urban growth and development. Global supply chains connect cities. Cities that become more globally linked and responsive to the competitive needs of businesses attract better investment and job opportunities. Thus by directly influencing job creation and wealth generation, international trade and investment have become pivotal to urban growth.

The locational needs of firms have been found to be instrumental in shaping the trajectory of urban development. This has resulted in creation of 'edge cities/ towns', which are suburbs where land is comparatively less expensive and it is possible to create newer infrastructure and a better quality of life .These edge cities/ towns, typically provide large office space, smart retail complexes, production and storage facilities, as well as residential and recreational areas that cater to the needs of internationally oriented firms. There is also an impetus to create industrial clusters of high technology firms so as to gain benefits accruing from the synergies created by close physical proximity e.g. – IT / Logistics parks.

To this is linked the need for creation of national and international trade and economic development corridors that would facilitate the free flow of goods, people and services. Creation of such trading corridors requires wide-ranging agreements between cities to foster collaboration and integrated regional development. This in turn helps assimilate hubs and secondary cities with the network of trading cities within transport corridors. The Delhi-Mumbai corridor and the Bengaluru –Mumbai Corridors are two of five proposed economic corridors across the country. In an interview with The National, Mr. Subhash Pandey, financial adviser to India's Ministry of Commerce and Industry, observed that development along the Delhi- Mumbai corridor – a US$90 billion initiative that has the support of the government of Japan – will provide much more land for investment into India, where eight new cities are planned either side of the proposed 1,500-kilometres route.

Turning the spotlight to Pune, most of the above scenarios hold true for the city. The city's economy draws its strength from manufacturing, automobile, government &

private education sector and information technology. It is the seventh largest metropolitan economy with the sixth highest income per capita in India.

Pune has been a key industrial city of India and has witnessed impressive growth in recent years. Some major companies with their operations in Pune include Bajaj Auto, Bajaj Allianz, Bajaj Tempo, Cummins India Ltd, Thermax, Kirloskar Oil Engines, Kinetic Engineering, Atlas Copco, SKF Bearings, Sandvik Asia, Tetrapak India, and Deepak Fertilizers and Petrochemicals.

Pune prides itself on being one of India's largest automotive hubs. Some of the major firms that have operations in Pune include Daimler Benz, MTU FN and Volkswagen, Bajaj Auto, Tata Motors, Mahindra & Mahindra, General Motors, Ford, Fiat and others. Corresponding to the automobile sector, well recognised automotive component manufacturing companies like, TATA Autocomp Systems Limited, Robert Bosch GmbH, ZF Friedrichshafen AG, Visteon, and Continental Corporation have also based their operations in Pune.

Pune is also a BPO hub as well as a preferred destination for the back offices of global banks. IT and Software firms such as Infosys, Wipro, Satyam, KPIT Cummins, Persistent Systems, IBM, MBT, Siemens, Zensar, Cognizant, AMDOCS, Xansa, TCS, and such others have operations in Pune. To further reap the benefits of this agglomeration, Pune has created huge IT parks ; the most prominent being the Rajiv Gandhi IT park, spread over 2800 acres at Hinjewadi near Mumbai Pune Express Highway.

The impact of the existence of such robust globally oriented firms is also reflected in the infrastructure of the city. Pune is well connected with the rest of the country through a road network of over 1750km. It is connected to various state highways ;two national highways - National Highway 50 connects Pune with the rest of Maharashtra and the National Highway 4 links up with Mumbai towards the north-west and Bangalore and Chennai to the south east. Similarly Pune has a well connected railway network and is served by the Lohegaon Pune International Airport. Talks of building the New Pune International Airport, a Greenfield airport project, at Purander are also on to improve Pune’s connectivity to the rest of the world. To

match up with the pace of fast growth of the city, major road upgrades and extensions are going on. Plans to build the Pune Metro Rail Project are at an advanced stage and likely to be realized in 2018. The industrial and infrastructural development is supplanted with advances of the housing and hospitality sector along with state of the art health services.

Maharashtra has become the most favourite destination for foreign investments due to its policies of providing ease of doing business, quality infrastructure, encouragement and skilled manpower. Japan, Mauritius, UK, USA and Netherlands have been the major countries to invest in the service sector, real estate and infrastructure, computer hardware and software, telecommunications, motor vehicles and medicines. With the government of Maharashtra receiving almost Rs 60,000 crore of foreign direct investments (FDI) since 2015, Pune has bagged a large chunk of it. Major foreign investments have been made in Pune's manufacturing, engineering and automobile sectors. Twenty one big international industrial groups have chosen Pune for investments, with the preferred locations being in and around the Pune belt – such as, Chakan, Kesurdi and Ranjangaon. This is turn has resulted in infrastructural development of the suburbs and employment opportunities and creation of industrial clusters.

All of these are seen to contribute majorly in the quality of life and as well as in strengthening the economic prospects of the city, thereby making Pune an attractive hub for global trading partnerships.

To conclude, as a consequence of trade liberalisation negotiations conducted at both the international and the regional levels, there is increased exposure of urban economies to global economic changes. It is therefore crucial that the urban local governments pay close attention to the competitiveness of its tradable goods and services industries. While Pune is on a positive path of economic growth, the next step forward for the city on issues of trade and economic development would be to take on a direct role in developing networks and partnerships for trade, investment, knowledge and economic development with other cities, globally. This would then open up the scope for the medium and small firms to compete for access to new markets nationally and internationally.

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The Trade Facilitation Agreement: Implications for India's Service Trade

The Trade Facilitation agreement (TFA) of the WTO, signed on 2nd march, 2017 is important in that it is the first multilateral agreement that has been agreed to in the WTO after the Doha round of 1971. This agreement has also evolved with consensus. While individual countries will have to get the TFA agreement ratified by their respective legislatures (and this could take a few years) this will happen sooner than later. Contrast this with the discussion around public stockholding of food grains where only the "peace clause" has prevented cross sector retaliation as some developed countries view food grain public procurement policies (as in India, for example) as "trade restricting". Presumably, this issue will once again come up in the next WTO Ministerial in Argentina later this year. In this article I will focus on what the TFA means for India in terms of implementation and strategic negotiations in the WTO.

While the media has highlighted the issue of services in the TFA this was not the only intended goal of the TFA. To see this it is necessary to look at a brief history of WTO. Note that, in 1995, the WTO extended trade liberalization to agricultural commodities (the AOA agreement) apart from commodity trade in industrial goods which was already covered under the GATT agreement. Thus, import tariff reduction commitments under WTO now cover all commodities (with limited exceptions). Non-adherence to WTO disciplines like MFN and transparency in tariff reduction schedules can invite cross sectoral retaliation under the "Single Undertaking" agreement which has been in force since 1995. However, in the case of agricultural commodities, the application of this "single undertaking" is deferred by the "peace clause" which stays retaliation (for the moment) against those countries which have not signed on to the AOA in 1995 and have not proposed any tariff reductions in agrlcultural commodities. However, in the case of services trade the relevant agreement (GATS) only implies discussion on trade facilitation in sectors where countries made "positive" commitments unilaterally. Herein lies one implementation issue.

In the case of commodity trade, the TFA implies that many non-tariff barriers (NTBs) will now be systematically reduced over time. Most of these NTBs concern border measures like customs regulations, inland transport issues etc. which economists have argued increase "trade costs". These would then apply across the board for all commodity trade. This development was a natural extension of tariff reduction commitments taken by all countries since about 1995. However, for services it is not clear that the TFA would automatically apply across all sectors where countries have not made unilateral commitments under the GATS.

India's concerns on what the TFA means for services trade is certainly warranted .In commodity trade India's share of world exports has inched up from around 0.5 percent in the 1950s to around 1.5 percent today. On the other hand, its share of world exports of commercial services is now almost 3.5 percent. Of this, software exports while not the largest in terms of value is certainly the fastest growing segment. Yet, in the USA (one of India's largest destination for service exports) the existing commitments are severely limited by exclusions under immigration laws, internal state laws etc. Hence, in negotiations these limitations will serve the same protectionist purpose as "exclusions" in the case of commodity trade. Yet, while "exclusions" under commodity trade are at least at a standstill due the "grandfather" clause of 1995 (no new exclusions could be introduced), no such limitation applies in service trade since many of the NTBs here can be traced to internal legislation. This is of special concern to major metros like Pune, Bangalore, the NCR and Hyderabad where India's major IT majors are located.

Nor is this problem restricted to the USA. Closer to home, none of the members of the ASEAN (with the exception of Singapore) have been willing to extend the FTA agreement to service trade despite an explicit understanding on this when the FTA was inked in 2009. In other agreements, the RCEP being negotiated with ASEAN and six other Asian countries including China was limited to commodity trade. Recently, it was reported that India has asked for expansion of the agreement to service trade. There is no news (as in other agreements being negotiated under RCEP) if any of the responses are positive. On the other hand, the TFA commitments would automatically apply to all negotiations under commodity trade.

This is then the implementation issue. How does one negotiate areas of interests in service trade since there is no "negative list" of commitments and many of the barriers are related to internal legislative issues in member countries? Would negotiations also have to be extended in many areas where countries have made no unilateral submissions under GATS? Indian negotiators need to look at this.

Yet, all is not lost and the TFA can be a legitimate strategic instrument. To understand this one needs to go back to India's negotiating strategy at the WTO. Till recently, India's stand at the WTO has been largely defensive. Over the last 20 years or so, Indian negotiators have had one major "red line": stall any further commitments under agricultural tariffs beyond the levels bound in 1995. This was probably sensible given the politically sensitive nature of this sector and the operation of India's public distribution system. It was also not too difficult at that time as the US and EU were struggling with their own systems of domestic subsidies. Yet, starting from the 10th Ministerial at Kenya in December 2015, the process of challenge to the "peace clause"and establishment of a new special safeguard clause (SSG) for developing countries has begun which will involve staggered commitment by developing countries to tariff reductions in the agricultural sector.

It is now time for India to outline offensive interests at the WTO and TFA in services is a good starting point. To see what can be countries commitments in services can well be an offensive strategy at the WTO (and in other regional agreements). This is a legitimate strategy since the TFA is a multilateral agreement unlike the plurilateral Trade in Services Agreement (TISA) currently being negotiatied. The "single undertaking" clause of 1995 has been used to make many developing countries commit to politically sensitive issues on patents and copyright. Maybe the TFA as applied to services can be India's bargaining counter at the WTO? Are our negotiators ready? Time will tell.

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Competitiveness Strategy for Export Sector

Trade is a key engine of economic development, as it offers employment, generates foreign exchange and promotes balanced growth of all regions. We should not forget that Export Strategy is an essential component of the overall policy approach for economic development. As the following table shows, India's share in world exports (of goods and services) stands around 2.0% and we need to strengthen this given that India's contribution to world GDP is around 6-7%.

India's Trade Performance: Percentage Share in World Trade

Years	India's share in world merchandise exports	India's share in world commercial services exports	India's share in world merchandise plus services exports
2011	1.7	3.2	1.9
2012	1.6	3.2	1.9
2013	1.7	3.1	2.0
2014	1.7	3.1	2.0
2015	1.6	3.3	2.0

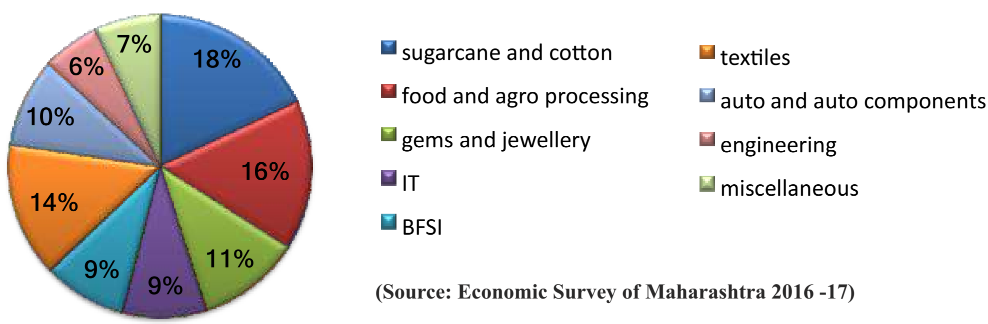
Source: World Trade Organisation

An Introduction about Maharashtra Export Sector

Maharashtra's GSDP (gross state domestic product) accounted for 12.98% of India's GDP in 2015-16 which is highest among all the states of India. Maharashtra is one of the leading producers of sugarcane and cotton in the country. The state produced 72.1 million tonnes (MT) of sugarcane and 4.2 million bales of cotton. The state also accounts for 35% of country's automobile output by value and also FDI flow is US$ 82.62 billion in this state. (export.gov) Dominant industries in Maharashtra are pharmaceuticals, biotechnology, IT, electronics, engineering, auto and auto components, oil and gas, food and agro processing, gems and jewelers, banking, financial services and insurance (BFSI) and textiles.

(Source: Press Information Bureau, Ministry of Commerce & Industry)

Share of major sectors in total export of Maharashtra



(Source: Economic Survey of Maharashtra 2016 -17)

The above graph showcases the share of major sectors in the total export basket of Maharashtra. Maharashtra also became the best-performing State by shipping goods worth $72.83 billion in 2015-16. Media & Entertainment industry is also a flourishing sector in the state, with its growth outperforming the country's growth rate, whether it is television, radio or music.

Maharashtra is an attractive destination for foreign investors. Government of Maharashtra has taken various progressive policy measures in the field of Skill Development, Education and Women's Empowerment. These measures would further improve the competitiveness of the state's economy.

Strategic Needs

Although Maharashtra is in the forefront in contributing to the overall export of the country, the state government has to take further steps to sustain its competitiveness in the global market. To achieve a high growth rate, the state government must adopt a strategy for the next 10 years. The state government must answer the following questions

1. Where our export strength lies,

2. Are the different policy efforts to boost exports fragmented?

3. Are our exporters suffering from poor access to finance?

4. Do our exporters need guidance to reach different markets?

Maharashtra has always led the country's industrial development and it continues to attract the largest quantum of investments, both domestic and foreign. We feel the following policy steps can further improve the performance of the state in exports:

a. Export Promotion through Operational Support

The Export Promotion Programme can vary in size and function; Government must create a back office to generate relevant networking avenues for Indian exporters, identify emerging sources of funding and improve brand appeal of local products in the global market.

b. Alignment with other state policies

We need policies beyond commercial advocacy and export financing to boost the brand and quality. We can also have intra-governmental tie-ups to look after the promotional activities. This will also lead to support of all state, like "One for all, All for one".

c. More connection with Commercial Banks

Banks always have an access to credit exporters and they can assist firms in evaluating and selecting their payment gateway and target audience.

d. Understand your Customer

Consumer tastes and preference are constantly evolving and we need to upgrade our product and service offerings to meet the ever changing expectation of consumers; Product design and brand appeal are key factors to keep your customer happy.

e. Up gradation of Skill set & Quality of people

Training and manpower development are two things which need further policy thrust. If government invests in development of vocational training institutes, it will improve the supply of skilled manpower and thereby enhance labour productivity and competitiveness of industry.

f. Technology up gradation fund

By creating technology up gradation fund, government can ensure increase in capital investment by industry and hence improvement in productivity.

g. Involvement of YOUTH in export sector

If the future generation gets involved in export activities then it could be one of our achievements. Basically, they are tech-savvy and eager to learn new and different things. They can also enhance global connectivity.

Conclusion

Strengthening the export sector requires consistent policy thrust on productivity enhancement and marketing support to exporters. In order to improve global competitiveness of our exports, we have to seek alignment between exports and foreign direct investment; innovation in manufacturing and services; investments in freight and logistics; and the development of a skilled workforce and with the continuous efforts we can achieve overall economic well-being.

Ms. Ananya Premnath
Manager-Research and Training, Maharashtra Economic Development Council

MIDC - An Enabler for Industrial and Economic Development

Maharashtra as a state has been an industrial powerhouse in India and therefore is always on the anvil of prospective investors. This can be corroborated by the fact that in terms of Cumulative Inflows of Foreign Direct Investments (FDI) (April` 00 – December` 16), Maharashtra has garnered 30% of the total share and contributes close to 15% of the Indian GDP, on an average.

Getting to this vantage position with regards to investments and industries has been made possible because of the arduous work carried out by Maharashtra Industrial Development Corporation (MIDC). MIDC was set up in the year 1962 by the special act of the state government with the mandate to achieve balanced industrial development of Maharashtra, provide for infrastructural development of each and every district in state and facilitate entrepreneurs to setup industries at various locations.

MIDC till date has set up close to 264 industrial parks spread over 84,000 hectares of land spanning across the state. This has resulted into more than 60,000 industries setting up their production facilities in the state. The key role played by MIDC includes following-

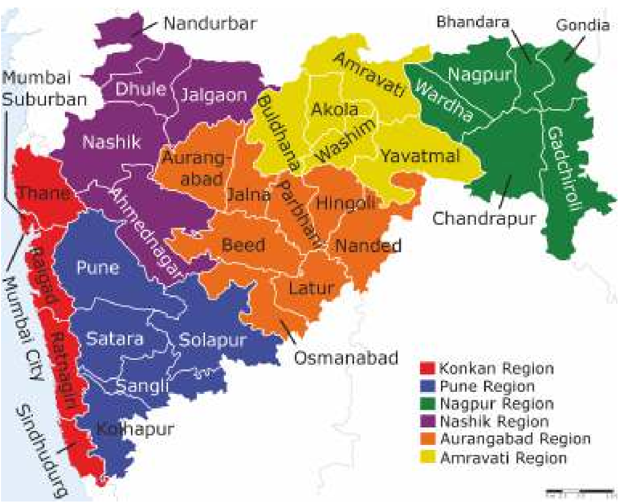
- **Aggregates** otherwise disparate industrial development efforts within one body that can generate real expertise and track record of delivery

- **Increases the pace and agility** of the state's response to investors/developers

- **Leverages its presence** (16 regional offices spread across 264 industrial complexes) to enlarge the scale of industrial development and investor facilitation

- **Provides access to a single window system** for land application and allocation to boost the ease of doing business in the state and boost external investment

- Focuses on **holistic development** of the state in each region through the development of industrial clusters (Ex: Mumbai-Thane for IT/ITeS and logistics, Pune for Auto and Electronics System Design and Manufacturing (ESDM) etc.)



- **Improves the investment-readiness** of key city projects, developing the propositions to make them more attractive to external investment

- **Provides specialized and sustainable infrastructure** such as the development of industrial parks (Ex: Food, IT/ITeS parks, Textile, Wine etc.) , designated chemical zones and commissioning and management of CETP's and CHWTSDF's for effective treatment of industrial waste

MIDC thus facilitates in the creation of an enablement of environment and infrastructure for accelerated growth of industries in the state. The state government has set up Special Economic Zones (SEZs) which are a delineated duty free enclave with all required infrastructure provided under single administrative umbrella primarily meant for locating industries which manufacture and export goods and service. Furthermore, taking into consideration the long term industrial growth of the state and for building a resilient infrastructure and encouraging private investments in the infrastructure space, MIDC has also undertaken to promote Integrated Industrial Areas (IIA) and Integrated IT Townships. These townships will have higher FSI usage and promote the concept of 'Walk to Work', in line with the idea of smart cities. A total **of 39 MoUs** worth a **proposed investment of – INR 1.12 lakh crore** (as of FY 2016) has been signed for building IIAs, IITTs and other industrial parks

The key factors that influence export performance of a region are –

- Proximity to ports
- Domestic transport infrastructure
- Foreign direct investment
- Availability of skilled labor
- Government support through creation of stronger institutions, policies etc.
- Access to raw materials/supplies

And fortunately Maharashtra has being well endowed with all the above mentioned factors. It has 2 major and 53 minor ports contributing to 21.76% if total cargo transport in India, 9.3% of total railway network in the country with 2 major railway zones, 3 international airports and 7 domestic airports, 18 national highways, 20 state universities and 21 deemed universities with over 6000+ educational institutions across various streams having close to 2.5mn students enrolled per year.

Furthermore, the ease of doing business norms (EoDB) play a very crucial role in attracting investors into the state and Maharashtra is again amongst the top-10 performers. It has investor friendly rules and simplified processes for property registration, utilities connection, land reforms, labor reforms, construction permits, environment, tax and single window system (MAITRI). These actions have increased the international competitiveness of the state. On the policy front, the state has taken key initiatives to boost investor confidence and undertake targeted approach to tackle issues at macro, micro and sectoral levels. It has in place-

1 Industrial policy
2 IT/ITES policy
3 Electronics and Hardware policy
4 Logistics policy (under finalization)
5 Export promotion strategy (proposed)

All the above mentioned initiatives have helped bolster investor sentiment in the favor of Maharashtra as an investment and export destination. The export potential of Maharashtra is immense given its quality infrastructure, policy support and sector focus. **Maharashtra's exports** to the world (up to Nov 2016) amounted to **INR 2,87,007 Crores**, whereas **Maharashtra's share in India's exports** to the world (up to Nov 2016) stood at **25.79%**, both the above figures are a testament to the fact that Maharashtra has strong exports performance.

Export performance of state depends on both the central and state specific policies, concerted action towards improving foreign market access and building supply capacity and MIDC on its part is definitely creating an infrastructure which will enhance the supply capacity of the state, create sustainable model for industrial development and promote exports from the state.

Mr. Sanjay Sethi IAS
Chief Executive Officer,
Maharashtra Industrial Development Corporation

Start Export Business Now

Directorate General of Foreign Trade (DGFT) is an attached office of the Ministry of Commerce and Industry. This Directorate, with headquarters at New Delhi, is headed by the Director General of Foreign Trade. It is responsible for formulating and implementing the Foreign Trade Policy with the main objective of promoting India's exports. The DGFT also issues scrips/authorisation to exporters and monitors their corresponding obligations through a network of 38 regional offices. In Maharashtra DGFT has 3 regional offices at Mumbai,pune & Nagpur. DGFT office at Mumbai is a zonal office for the western zone headed by Additional DGFT. Pune office & Nagpur office are headed by joint DGFT & Deputy DGFT respectively.

DGFT (Director General of Foreign Trade) has a scheme called as "Niryat Bandhu" scheme for International Business mentoring for young Turks in international business enterprises. The officer (Niryat Bandhu) would function in the mentoring field and would be a handholding experiment for the young entrepreneurs in international business enterprises. Under the scheme, officers of DGFT will be investing time and knowledge to mentor the interested individuals who want to conduct the business in a legal way. DGFT regional offices conducts various programmes at different locations under this scheme. Any new entrepreneur entering into OR interested in the business of exports & imports may contact DGFT offices for complete guidance.

IEC code is required by a person/entity for exporting or importing goods. It is a 10 digit code which is issued by the Directorate General of Foreign Trade (DGFT). All businesses which are engaged in Import and Export of goods should have Import Export Code. IE code has lifetime validity. Importers can't import without this code and exporters can't take benefit of exports from DGFT, customs, Export Promotion Council, without this code.

The Government of India has introduced Merchandise Exports from India Scheme (MEIS) through the Foreign Trade Policy (FTP) 2015-20 w.e.f. April 1, 2015. It seeks to promote export of notified goods manufactured/ produced in India. MEIS is a major export promotion scheme of GOI implemented DGFT. Rewards under MEIS are payable as a percentage (2, 3 or 5%) of realized FOB value of covered exports, by way of the MEIS duty credit scrip. The scrip can be transferred or used for payment of a number of duties/taxes including the customs / excise duty / service tax. Scrips and inputs imported under the scrips are fully transferable. This has provided much flexibility to exporters. Incentives under MEIS are available to units located in sezs also. The exporters of various sectors including agricultural products can avail the benefits under this scheme.

The Government has introduced the Service Exports from India Scheme (SEIS) w.e.f. 01.04.2015 under the Foreign Trade Policy (FTP), 2015-20 replacing the earlier scheme 'Served from India Scheme' under the FTP, 2009-15. Under SEIS, the service providers of notified services are incentivized in the form of Duty Credit Scrips at the rate of 3 or 5% on their net foreign exchange earnings. These SEIS scrips are transferrable and can also be used for payment of a number of Central duties/taxes including the basic customs duty. Various proprietorship / corporate firms including small firms can avail this benefit.

Advance Authorisation sheme (AA) & Duty free import Authorisation scheme (DFIA)is issued to allow duty free import of inputs, which are physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts which are consumed / utilised to obtain export product, may also be allowed. Various exporting firms can make use of these schemes to import raw materials without paying duties.

Export Promotion Capital Goods (EPCG) scheme allows import of capital goods including spares for pre production, production and post production at zero duty subject to an export obligation of 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue date. Manufacturers including merchant exporters, services exporters can import capital goods under this scheme without paying duties.

Dual-use items are goods, software, technology, chemicals etc. Which can be used for both civil and military applications. Such items require a license for exporting out of the country. India's list of items which need an export license is known as the SCOMET (SCOMET is an acronym for Special Chemicals, Organisms, Materials, Equipment and Technologies.) Any person/firm may export such products after obtaining licence from DGFT.

DGFT is a facilitator of foreign trade . Exporters & Importers can approach for any aspect of exports & imports . The officers are always keen to help you.

Dr. Ramesh B. N. ITS
Deputy Director General of Foreign Trade, Mumbai Zonal Office, Directorate General of Foreign Trade

Export-Import Bank of India: Catalysing India's International Trade

Background

India has today emerged as a vibrant economy fuelled by robust growth in the country's international trade. The buoyant economic performance, coupled with enhanced competitiveness, particularly in overseas markets, bodes well for the Indian economy to position itself as a major economic force in the global economy. To further enhance the momentum, it is critical to have in place an institutional mechanism which ensures that a country can seize new opportunities created by globalisation. It is this objective that is subserved by the Export-Import Bank of India (Exim Bank), established as a statutory apex financial institution in 1982 under an Act of the Indian Parliament to finance, facilitate and promote India's international trade.

Introduction

Exim Bank is the principal financial institution in the country for coordinating the working of institutions engaged in financing exports and imports. Exim Bank is constantly striving towards enabling deeper integration of India with the rapidly globalising world, and in line with the evolving needs of the global trade scenario, the Bank provides a range of financing, advisory and support services at all stages of the export cycle elaborated below. Exim Bank also capacitates two-way technology transfer by financing import of technology into India and investment abroad by Indian companies for setting up joint ventures/ subsidiaries.

Project Exports

Exim Bank has been a pioneer in promoting project exports from India. The Bank provides a range of funded and non-funded facilities, by way of guarantees, to support such project exports. Post-shipment deferred credit by way of supplier's credit/buyer's credit is also provided on competitive terms. Financing is provided both in foreign currency and Indian rupees. During FY 2016-17, 57 contracts amounting to 331.36 billion covering 31 countries were secured by 36 Indian exporters, as against 95 contracts worth 225.51 billion covering 39 countries, secured by 50 Indian exporters during FY 2015-16. The contracts secured during the year comprised 32 turnkey contracts valued at 82.16 billion, 10 construction contracts valued at 228.29 billion, 6 supply contracts valued at 19.35 billion and 9 technical consultancy and services contracts valued at 1.56 billion.

Lines of Credit

Exim Bank extends Lines of Credit (LOCs) to overseas financial institutions, foreign governments and their agencies, enabling them to on lend term loans to finance imports of eligible goods and projects from India. The Bank, as at end March 2017, had in place 209 Government of India supported LOCs covering 59 countries with credit commitments aggregating US$ 15.69 billion available for utilization. Exim Bank's LOCs provide a risk-free, non-recourse export financing option to Indian project exporters/suppliers/service providers, which in turn contribute to additionality in exports from India, with downstream linkages, as Indian exporters, insulated from country risk and credit risk, are able to export their projects, goods and technology to buyers / countries in the developing world. While, on one hand, LOCs help Indian exporters to achieve penetration into new markets and expand their share in the existing markets, on the other hand, LOCs also help the recipient countries in supporting their developmental objectives, in facilitating technology transfer (which are found to be appropriate, adaptable and affordable), capacity building, rural upliftment, employment generation, and overall socio economic development.

Finance for Indian Ventures Overseas

The Bank, in order to help Indian firms in their internationalisation efforts, provides term loans, both for equity investment in their ventures overseas as well as for on lending purposes. As on January 2017, Exim Bank had provided finance to 581 ventures set up by 445 Indian companies in 78 countries in a wide range of sectors. Exim Bank also undertakes direct equity stake in select Indian ventures abroad.

Buyer's Credit

The Buyer's Credit Programme under the Government of India's National Export Insurance Account (BC-NEIA) is a unique financing mechanism that provides a safe mode of non-recourse financing option to Indian exporters and serves as an effective market entry tool to traditional as well as new markets in developing countries, which need deferred credit on medium or long term basis. Under BC-NEIA, an amount aggregating USD 2.84 billion has been approved for 22 projects valued USD 3.07 billion (as on March 31, 2017).

Grassroots Initiative and Development (GRID) Programme

Exim Bank's GRID programme envisages supporting social enterprises, MSMEs, NGOs, Trusts, Societies and Cooperatives in their globalization efforts. The programme seeks to address the needs of relatively disadvantaged sections of society while creating expanded opportunities for enterprises working with traditional crafts persons and artisans, and rural entrepreneurs of the country. The objective is to help producer groups/ clusters / small enterprises across the country realize remunerative return on their produce, essentially by facilitating exports from these units. The Group endeavours to do so by helping grassroots enterprises / MSMEs at different stages of product development / business cycle. This encompasses capacity building, training, export capability creation, expansion/ diversification of their customer base, and addressing issues that inhibit their foray into exports.

In order to assist such grassroots enterprises in their marketing efforts, the Bank has Marketing Advisory Services (MAS) programme wherein the Bank helps Indian SMEs to establish their products overseas and enter new markets. The Bank does not charge upfront fees, but operates on success-fee basis.

Research & Analysis

Exim Bank publishes several Occasional Papers and Working Papers every year dealing with industry sectors, overseas markets, and macroeconomic issues of relevance to international trade. The results of these research studies are of interest to exporters, policy makers, industrialists and export promotion agencies. The Bank disseminates information on export opportunities and highlights developments that have a bearing on Indian exports through its flagship quarterly newsletter titled 'Eximius: Export Advantage'.

Information & Advisory Services

The Bank provides a wide range of information, advisory and support services, which only complements its financing programmes whilst also underlining its role as a policy Bank. These services are provided to the Bank's stakeholders including state governments, Indian public and private sector and overseas entities. The scope of services include policy inputs and papers for the state government, market-related information, sector and feasibility studies, technology supplier identification, partner search, capacity building exercises, investment facilitation and development of joint ventures both in India and abroad.

Institutional Linkages

Exim Bank, in order to enhance cooperation and forge a stronger link among the Asian Exim Banks, launched the initiative to create the Asian Exim Banks Forum. Exim Bank has also played a leadership role in establishing the Global Network of Exim Banks and Development Finance Institutions (G-NEXID) under the auspices of UNCTAD which seeks to serve as a global forum for member institutions to work together to promote trade and development finance and foster South-South cooperation.

The Bank is the nominated member development bank under the BRICS Interbank Cooperation Mechanism, and successfully hosted Annual BRICS Interbank Cooperation Mechanism meeting in Goa, India.

Promotional Programmes

The Bank has in place 'Eximius Learning Centres' at Bangalore, Ahmedabad and Pune for imparting specialised knowledge and training to exporting companies, particularly SMEs on various topics related to international trade. The Bank conducts procurement seminars and workshops for project exporters with faculty drawn from multilateral development banks such as the World Bank, Asian Development Bank and African Development Bank.

With a view to encourage and stimulate advanced economic research in international economics, trade, development, and related financing at universities and academic institutions in India and abroad, the Bank has instituted two international awards viz. the International Economic Research Annual (IERA) Award and the BRICS Economic Research Annual Award (BRICS Award). These initiatives represent the Bank's ongoing efforts at promoting economic research and analysis, thereby contributing to policy formulation.

Joint Ventures

Exim Bank, in partnership with leading private and public sector consultancy firms in India, has promoted the Global Procurement Consultants Limited (GPCL). Exim Bank is the largest shareholder with 26% stake in the equity. GPCL provides primarily procurement related advisory services in respect of projects financed by multilateral lending agencies and has executed consultancy assignments in 25 developing countries in Asia, CIS and Latin America.

EXIM Mitra

The Bank has recently launched a unique online platform for providing information on financial products to facilitate exports, and deliver trade-related information. The objective is to facilitate access to credit and insurance for exporters and importers. It offers facilities like estimating freight costs, identifying potential global markets and product standards, credit insurance among others.

Mr. Ashish Kumar
Deputy General Manager, Export-Import Bank of India

Initiatives of MSAMB in Agricultural Export

The Maharashtra State Agricultural Marketing Board (MSAMB), Pune was established on 23rd, March 1984, under section 39A of Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963. MSAMB has done pioneering work in the field of Agricultural Marketing in the State and achieved success in various areas. MSAMB is having an important role in developing and coordinating agricultural marketing system including export in the State of Maharashtra.

To boost the export, MSAMB is working as a facilitator for the stakeholders by way of -

- Capacity Building
- Infrastructure Creation
- Research & Development
- Market Access

The details of the same are as under:

A) MSAMB worked as a Nodal Agency for Agri Export Zones in Maharashtra:

a. MSAMB was appointed for Implementation of AEZs in Maharashtra for Alphonso mango, Kesar mango, Pomegranate, Banana, Mandarins & Onion.

b. The creation of infrastructure has been initiated in AEZs.

c. Export Oriented Training programs at grass-root level were conducted (Trained more than 50,000 growers) under AEZ.

B) Export Oriented Infrastructure Creation:

MSAMB is the pioneer in the state for creation of common infrastructure for Post Harvest Management by establishing Precooling, Coldstorage, Packing grading line, Ripening chamber etc. with the help of APEDA & RKVY. MSAMB has erected high tech common facility centers in Maharashtra such as Vapour Heat Treatment facility for export to Japan, New Zealand, Mauritius, Europe; Irradiation Facility Centre at Vashi for export to USA & Australia, Hot Water Treatment facility at Goregaon is being used for export to European Union. MSAMB had operated Air Cargo Facility Centre for perishable air cargo-handling at Lohegaon Airport, Pune to facilitate exports of agricultural produce.

Total Facilities : 46

Capacities Created:

Cold Storage	: 2715 Mts
Pre-cooling	: 610 Mts
Ripening Chamber	: 145 MTs1 Cro

Export through these Facilities: 65000+ MTs & 1 Crore Stems of Roses.

MSAMB's Irradiation Facility, IInd of its kind in India, received the certification of Atomic Energy Regulation Board, Department of Atomic Energy, and accreditation from National Plant Protection Organization and got Certification of Approval of United State Department of Agriculture – Animal & Plant Health Inspection Services (USDA-APHIS) for irradiation of mangoes for export to USA on 7th April, 2016 and exported around 190 MTs of mangoes. This facility lead to open the USA market for Indian Pomegranate and opened the same in Season 2016.

C) Cluster Development Programme:

MSAMB, with the support from APEDA is implementing the activities for Cluster Development Programme with the objectives to develop pre and post-harvest management practices, Supply Chain management, Quality/Sanitary & Phyto-sanitary issues, Export Logistics: up-gradation of port of existing infrastructure, Market Development etc. The identified Clusters in Maharashtra are Vegetables, Banana & Pomegranate.

MSAMB took initatives to bring all the stakeholders of export together for export of oramges and pomegarante.

- Under this programme, MSAMB undertook training programmes & trained 1200 banana growers focusing on Pre and Post Harvest Management, Export Oriented Production, Export Marketing etc. We could succeed in tieing up of Banana growers from Baramati, Indapur & Kandhar with M/s. Deepak Fertilizers and other exporters. A container of Banana has been shipped from Akot block of Akola District at the forst time from Vidarbha.

D) Traceability:

International Markets are demanding the Traceability for almost all the commodities day by day. To maintain the same an internet based electronic application is developed for the stakeholders. In this application, the forward and backward traces are maintained and quality assurance data entered by the stakeholders, i.e., exporters, laboratories and PSC authorities throughout the supply chain in India. In this system, initially the grapenet for grapes, anarnet for pomegranate, mangonet for mangoes, hortinet for other fruits and vegnet for vegetables have been developed.

In this Traceability system, it was need of time to implement the Vegnet system along with Monitoring of vegetable farms for pests and diseases. MSAMB appointed 9 Nodal Officers for the same (Pune, Solapur, Nashik, Osmanabad, Latur, Parbhani, Beed, Jalana, Jalgaon & Satara). They monitored the registered farms and the export of vegetable started to Europe successfully.

E) Research and Development:

I) Export of Bitter gourd to European Countries:

- • MSAMB took initiative to develop protocol for export of Bitter Gourd to EU. Initially the Hot Water Treatment Facility has been erected by MSAMB for export of Bitter gourd to European countries. Now the trials has been taken on Bitter Guard in VHT Chamber successfully and submitted the report to NPPO and the protocol is likely to be finalized.

ii) Trials of Hot Water Treatment on mangoes:

- European Union given the protocol as Hot Water Treatment (HWT) on mangoes prior to export at 48 degree for 60 minutes. It was found that there was issue in quality of alphonso mangoes from HWT. APEDA assigned the activity for the protocol finalization / trials of Hot Water Treatment on mangoes. MSAMB through its Maharashtra State Mango & Cashew Board & with the help of Kokan Krishi Vidyapeeth conducted the trials. Submitted the report to APEDA for further action. (470C for 50 mins)

F) Initiatives for Quality Consciousness - GlobaGAP:

- Quality/MRLs/Pest & Diseases free produce are the major concern of the trade
- MSAMB took initiative to implement the scheme for GlobalGAP Certification
- 50% subsidy for Certification expenditure
- 300 Mango & Pomegranate growers benefited
- MSAMB implemented training programme with Michigan State University, USA for quality awareness.

G) Market Development:

- MSAMB participated in International Exhibitions with APEDA i.e. Germany, UK, China, Japan, Dubai etc.
- Worked closely for following market access:

- Japan (2000 to 2005) and USA (2003-2006) markets for Indian mangoes.
- China (2003-04)
- New-zealand (2013) and

- Upcoming markets like Australia, Mauritius and South Korea for Indian mangoes.
- Saudi Arabia for Indian green chilies

– Organized Farmers Study Tours – Spain, Netherlands, France, Israel, Dubai, Austria etc.
– Done trial consignments to UK, Germany, USA, Japan, Holland, Singapore, Dubai etc

H) Horticulture Export Training Course (HETC):

- MSAMB conducts 5 days residential monthly training programme for export oriented activities of F&V
- Topic covered: Status of Export of F&V, Export Procedures and Documentation, ECGC, Export Finance, Role of APEDA and NPPO in export, vist to export facility centres, discussions with exporters etc.
- Resource persons from Trade, Banks, Government Offices etc.
- 25 participants per batch. Till date 300 particants have been trained.
- Follow-up meetings with participants for actual export.
- Some of the participants have started the actual export successfully to Dubai, Australia etc.

I) Market Facilitation Centre, Dubai

- Considering the need of time, MSAMB realized the need of Market Facilitation Centre at Dubai. Took office at Jafza, Jabel Ali, Dubai in March-2013. Participated in Gulf Food 2013 & 2016. MSAMB is now planning to appoint firm/representative of MSAMB at Dubai for trade facilitation.

J) Proposed Initiatives of MSAMB:

a. Export Facilitation Centre at JNPT:
MSAMB has requested to Government of India and received recently the land of 15 Acres for establishment of the integrated hub to boost the export of agro produce from India. This will definitely give the new horizon for export activity.

b. Opening of new markets:
i. Iran for Indian mangoes.
ii. USA for grapes.

c. Developing protocol for sea consignments.

With these initiatives, we are proud to mention here that the export from Maharashtra ultimately through country has boosted enormously. The current export of agro produce from Maharashtra is around Rs. 13000 Crores, which may increase up to 25000 Crores in the next 5 years due to the initiatives of MSAMB in export oriented quality production, infrastructure and new entrepreneurs in the agri export arena.

Dr. Kishore Toshniwal
Managing Director,
Maharashtra State Agricultural Marketing Board (MSAMB), Pune

Vapour Heat Treatment Facility, Vashi

Irradiation facility Centre, Vashi

Mango Consignment from Irradiation Facility Centre to USA

Vegetable Processing Facility, Vashi

Visit of Saudi Arabian Delegation to VPF Vashi

Training Programme under Cluster Development

WORLD TRADE CENTRE™ MUMBAI

Promoted by MVIRDC

M. Visvesvaraya Industrial Research and Development Centre

World Trade Day Maharashtra

Enhancing Export Competitiveness of Maharashtra

May 18-27, 2017

Mumbai	Nashik	Pune	Nagpur	Aurangabad	Kolhapur
May 18	May 22	May 24	May 25	May 26	May 27

A Series of Programmes on International Trade in Maharashtra

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- Export Orientation for MSMEs | Nashik
- Regional Trading Blocs and the Emerging Trading System | Pune
- International Trade & Logistics | Nagpur
- Accessing Global Markets for Auto Components | Aurangabad
- Accessing Global Markets for Engineering products | Kolhapur

Highlights

Handbook : International Trade

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All India Association of Industries

AIMA AMBAD INDUSTRIES & MANUFACTURERS' ASSOCIATION

WORLD TRADE CENTER™ PUNE

VIDARBHA INDUSTRIES ASSOCIATION

CHAMBER OF MARATHWADA INDUSTRIES & AGRICULTURE

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