Confederation of Indian Industry

MISSION 1 TRILLION

Achieving USD 1 Trillion Merchandise Exports by 2030: A Roadmap

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Executive Summary and Introduction

India's export surge over January to October 2021 emphatically demonstrates its inherent manufacturing strengths, entrepreneurial dynamism and agility in conforming to global demand at short notice. A holistic and aggressive exercise to boost exports could take the figure for merchandise exports to US$ 1 trillion by 2029-30 at a CAGR of 14%.

CII has identified 13 sectors at the HS 2-digit level that have the best potential to be ramped up to reach the target. These non-fuel, non-gems & jewellery product groups accounted for 41% of India's aggregate exports in 2019 and can be scaled up to reach over 50% of the aggregate by 2030. These items will require to be actioned in mission-mode to achieve multi-fold growth from the current levels.

The remaining half of proposed exports to US$ 1 trillion would emanate from remaining products, including fuel and gems & jewellery. All products would benefit from overarching strategies to facilitate trade.

Key areas of action can be placed in two buckets – actions that need to be taken at the demand side for market access in the international arena and actions that need to be taken on the supply side for national competitiveness.

Export policies must be designed to address multiple issues such as manufacturing capabilities, infrastructure connectivity, and export finance. Policies to open up market access are also required to be taken by the central government, while state governments must partner in the mission as well.

Two factors to be kept at the forefront of the strategy are as below:

1. It is critical to liberalize imports at the same time to ensure that India is able to leverage imported inputs for competitive value-added exports. India's average applied tariffs rose from 13.5% in 2014 to 17.6% in 2019 and stood at 15% in 2020[1]. Applied weighted mean of tariffs in 2019 was 6.59% in India compared to 2.53% in China and 1.66% in Vietnam[2]. was Import barriers should be avoided as a strategy to ensure that export capability is protected.

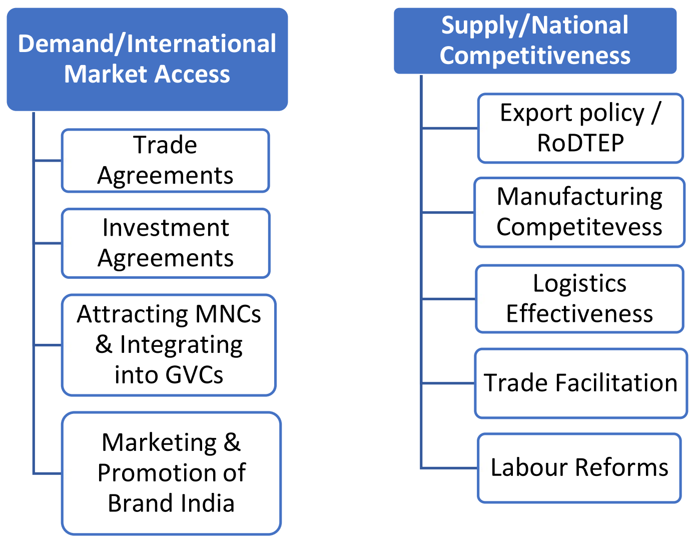
2. A key strategy for promoting exports rapidly that has had discernible impact for comparator nations is the active and strong participation of multinational corporations (MNCs) through Foreign Direct Investment. MNCs invested heavily in countries with labour competitiveness and good investment climate to address global markets. They have enabled countries to integrate into global value chains and multiply exports in short periods of time and created millions of jobs.

[1] https://www.financialexpress.com/economy/lower-barriers-indias-tariffs-record-sharp-drop-from-17-6-in-2019-to-15-in-2020/2297485/

[2] https://data.worldbank.org/indicator/TM.TAX.MRCH.WM.AR.ZS?end=2019&locations=CN-VN-IN&start=2005

As an example, in Vietnam, overseas companies and FDI accounted for 72% of export turnover and 63% of import turnover[3] in 2020. Similarly, the role of FDI in China's exports is widely recognized. According to a World Bank report of 2010, foreign invested enterprises accounted for half of its exports and imports and 30% of its industrial output. Its decentralized FDI approval policy was instrumental in success of entry of foreign firms. China also opened up its services sector when entering the WTO, with 3-fold FDI in services between 2000 to 2009.[4]

This is a route that India must embrace wholeheartedly. Keeping the above in mind, the

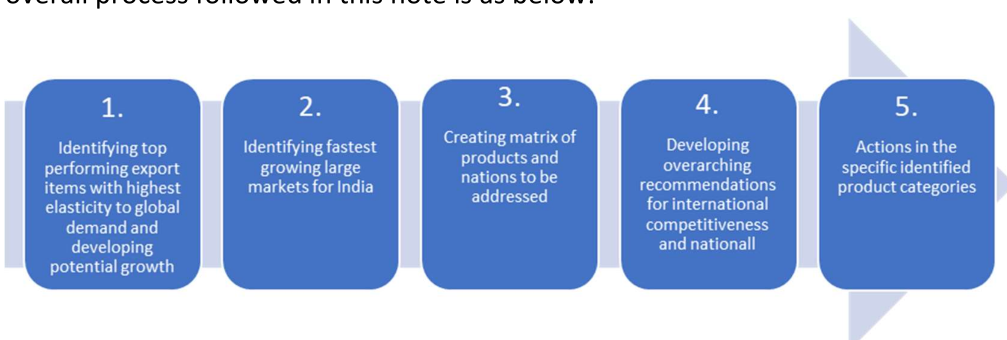


actions to be taken up are given below:

To achieve the target of $1 trillion exports, global demand conditions must remain conducive and global trajectory should be on an upward trajectory. In 2011-2019, world trade growth remained largely flat, exhibiting just over 3% total growth in this period.

However, within this, China's exports showed 32% growth in 2019 over 2011, Vietnam at 185% and India at 7.3%. Therefore, China's share in global exports rose from 10.5% to 13.3%. Thus, India should attempt to expand its share, particularly in top exported items in the world.

The overall process followed in this note is as below:



[3] https://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=48523&idcm=122 , https://www.vietnam-briefing.com/news/fdi-in-vietnam-year-in-review-and-outlook-for-2021.html/
[4] https://www.worldbank.org/en/news/feature/2010/07/16/foreign-direct-investment-china-story

The overarching recommendations for **Demand Side and International Competitiveness** include 4 key asks:

1. **Trade agreements:** Under this, India must review the existing trade agreements. Stress is to be placed on identifying non-tariff measures and undertaking discussions with partner countries to resolve them for market access.

   Second, new trade agreements with key large markets would help reduce tariff gaps with other supplier nations.

   Third, a comprehensive information system and specific measures to assist enterprises to leverage FTAs can be set up.

2. **Investment agreements:** With top investment source nations, investor protection would encourage higher investments.

3. **Attracting Multinational Companies and integration into Global Value Chains:** As investment-led exports is a key feature of export capabilities, all measures to encourage MNCs to set up production base in India should be in place.

4. **Marketing and Brand Promotion of India:** India needs a dedicated internationally recognized marketing agency with offices in top markets led by professionals.

On the **Supply Side and National Competitiveness**, there are 5 key asks:

1. **Export Policy / RoDTEP:** RoDTEP rates need to be extended to all sectors and also need to be adequately aligned to the taxes and additional costs that are present in the manufacturing ecosystem.

2. **Manufacturing Competitiveness:** The manufacturing endeavour necessitates action on multiple fronts of which ease and cost of doing business are to be strategically addressed. While there are a number of areas that need to be worked on, addressing the following will have the most impact:

   - Import duties must encourage export related manufacturing through a structure of standard duties on finished goods, lower duty on intermediate goods and low or nil duty on raw materials.
   - Ease of doing business at the state level involves effective single window system and continuous monitoring at a high level.
   - Cost of doing business issues pervade the manufacturing ecosystem through high power tariffs and administrative delays which can be lowered for global competitiveness.
   - The creation of Special Economic Zones and industry parks will develop the right facilities to boost exports at scale. A range of measures are suggested for this.

- Enterprises need to meet standards and quality certifications for international markets for which the right infrastructure and information awareness mechanisms can be put in place.
- Export credit availability by strengthening EXIM Bank and ensuring competitive interest rates is required.
- Investments in research, innovation and technology should be targeted at 3% of GDP by 2030 with a strong collaboration of Government, industry and academia.

3. **Logistics Effectiveness:** Both ease of logistics movement and cost of movement are areas that should be taken up at the policy level. Targeted export connectivity infrastructure, multimodal transport options and the right mix of transportation modes should be strategically built.

4. **Trade Facilitation:** A separate paper on trade facilitation measures on areas such as risk management system, direct port delivery, authorized export operators, digitalization of procedures and so on is appended in the annex.

5. **Labour Reforms:** Labour reforms, regulations for ease of compliance and education and skill development will add to labour productivity and encourage large, labour-intensive manufacturing sectors for export.

The target of US$1 trillion in merchandise exports requires a 14% CAGR over 2022-2030 and can be achieved provided the global economy is robust and continues on the trend export path.

With the Government and industry on the same page, the export endeavour can be achieved to make India a global manufacturing powerhouse for the world.

I. The Matrix of Priority Goods and Preferred Markets

The first part of creating the matrix of priority goods for export promotion and the best destinations for the goods in terms of markets is to identify the products where India has the best capabilities to export.

Identifying Priority Goods

Goods exports expanded by 44%[5] in Jan-Oct 2021 and services exports grew 18%[6] in April-Nov 2021, with total exports at US$ 419 billion.

Non-fuel, non-jewellery exports accounted for US$ 200 billion of the total merchandise exports of US$ 267 billion in Apr-Nov 2021 and expanded by a robust 38%[7].

To determine the exact products for focus, standout growth in large export items of over US$ 5 billion was noted in 19 products at the 2-digit HS code level. These represent the most elastic product categories where India has the capability of rapidly escalating manufacturing to meet global demand surge.

These products are taken as the base for identifying the target exports.

Table 1: Export growth Jan-Oct 2021 and Global Growth

HS	ITEM	JAN-OCT 2020 US$ billion	JAN-OCT 2021 US$ billion	PERCENT GROWTH	GLOBAL GROWTH 2011-2019
72	Iron and steel	9,037.19	17,926.79	98.37	-22
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	23,779.58	43,453.30	82.73	-37
52	Cotton.	4,578.99	7,843.73	71.3	-26
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metals and articles thereof, imitations, jewellery, coin.	19,651.25	32,801.42	66.92	1
76	Aluminium and articles thereof.	4,356.70	6,993.60	60.53	1
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	10,095.15	15,471.80	53.26	18
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3,748.71	5,558.61	48.28	19
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts.	10,576.32	14,955.79	41.41	27

[5] https://tradestat.commerce.gov.in/meidb/com.asp?ie=e
[6] https://pib.gov.in/PressReleasePage.aspx?PRID=1781427
[7] https://pib.gov.in/PressReleasePage.aspx?PRID=1781427

10	Cereals.	7,250.01	10,066.08	38.84	-8
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	14,729.34	20,016.36	35.89	7
73	Articles of iron or steel	5,071.97	6,832.81	34.72	2
61	Articles of apparel and clothing accessories, knitted or crocheted.	4,940.69	6,521.79	32	14
3	Fish and crustaceans, molluscs and other aquatic invertebrates.	4,142.00	5,444.31	31.44	28
38	Miscellaneous chemical products.	3,955.75	5,129.41	29.67	14
39	Plastic and articles thereof.	5,616.08	7,036.94	25.3	11
29	Organic chemicals	14,398.35	17,509.52	21.61	-7
62	Articles of apparel and clothing accessories, not knitted or crocheted.	5,083.73	6,144.34	20.86	18
30	Pharmaceutical products	15,059.71	16,219.17	7.7	32

Second, the above list of most elastic Indian export products was mapped with global aggregate exports between 2011 and 2019. Those products with negative or low global growth rates over this period are removed (except chemicals) and category of fish is removed due to low potential in future.

Third, a few other top 25 globally exported products are identified where India's current exports are low and can be greatly built up. These are added in Table 2 at the end.

The final list includes 13 products identified on the basis of:

i. Responsiveness to global demand
ii. Rate of global export growth in 2011-2019
iii. Potential to gain global share

These products currently contribute 41% of India's exports.

Table 2: List of Export Products to be Promoted

HS	ITEM	JAN-OCT 2020 US$ billion	JAN-OCT 2021 US$ billion	PERCENT GROWTH	GLOBAL GROWTH 2011-2019
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	10,095.15	15,471.80	53.26	18
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3,748.71	5,558.61	48.28	19
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	10,576.32	14,955.79	41.41	27

84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	14,729.34	20,016.36	35.89	7
61	Articles of apparel and clothing accessories, knitted or crocheted.	4,940.69	6,521.79	32	14
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62	Articles of apparel and clothing accessories, not knitted or crocheted.	5,083.73	6,144.34	20.86	18
30	Pharmaceutical products	15,059.71	16,219.17	7.7	32
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	2,521.98	3,255.37	29	15
94	Furniture: bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; **...**	1405.39	2291.76	63	37
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1,503.43	1,804.39	20	47
64	Footwear, gaiters and the like; parts of such articles	1,590.81	1,906.19	20	30

Finally, potential value of India's exports in these product groups is estimated. Following assumptions are made:

- Pace of global export growth for specific products remains same for 2022-2030 as in 2011-19.
- India's share of identified products is increased aggressively.

Table 1 in Annex 1 shows the list of identified products along with target values by 2025, 2028 and 2030. The most ambitious goal is in the category of electronics which is the largest globally exported item and one of the fastest growing. India's share in global exports was just 0.55% in 2019 and this must be pegged at 5% in 2030, entailing 11x growth.

Together, the 13 products would contribute over half of the $1 trillion target. For the remaining, the rest of the products including fuels and gems & jewellery would be required to contribute, for which overarching international and national actions would open up markets and build capabilities.

CII has developed a tool to identify the exact products at 6-digit HS code level that have the best potential to be exported from India. This exercise has been carried out for the pharmaceuticals sector and can be done for remaining sectors as well.

Target Countries

Identification of countries for special export promotion activities has been undertaken through a combination of filters of their population, GDP size and exports.

The first two indicate the market size that can be addressed while the export performance of a country shows its presence in global value chains. The higher the level of integration, the better would be India's chances of exporting to that country.

A list of 41 countries has been prepared on the basis of meeting 2 of these 3 criteria. Within this list, several countries have very low presence in India's export profile and can be emphasized. These include Indonesia, Russia, Philippines, Argentina, Ukraine, Poland, and various European countries.

Table 3: List of Countries for Export Targeting

Population > 30 million
GDP > US$ 300 billion
Exports > US$ 100 billion

2 of 3 Criteria

Country	Population Millions	GDP US$ billion	Exports US$ billion, Top 40	India's exports, 2019-20 US$ billion
Countries with High Population				
China	1398	14340	2490	16.6
USA	335	21433	2377	53
Indonesia	275	1120	250	4.1
Nigeria	219	448	35	3.6
Brazil	213	1877	291	4
Bangladesh	164	302	33	8.2
Russia	142	1689	551	3
Mexico	130	1269	492	3.6
Japan	125	5149	1084	4.5
Philippines	111	377	131	1.5
Egypt	106	302	88	2.5
Vietnam	103	330	249	5
Turkey	82	761	311	5
Germany	80	3862	2004	8.3
Thailand	69	544	291	4.3
France	68	2717	969	5.1
UK	67	2833	903	8.8
Italy	62	2005	687	5

South Africa	57	351	124	4.1
South Korea	52	1647	683	4.8
Colombia	50	323	62	1
Spain	47	1394	534	3.9
Argentina	46	444	83	0.8
Ukraine	44	154	161	0.5
Poland	38	596	395	1.5
Canada	38	1742	619	2.9
Saudi Arabia	35	793	221	6.2
Malaysia	34	365	265	6.4
Other Countries with High GDP and Exports				
Singapore	5.9	374	627	8.9
Taiwan	23.6	612	388	1.7
Australia	25.8	1392	405	2.9
Netherlands	17.3	907	858	8.4
Belgium	11.8	533	474	5.8
Denmark	5.9	350	227	0.7
Sweden	10	531	303	0.7
Austria	8.9	445	270	0.5
Switzerland	8	732	444	1.2
Norway	5.5	405	185	0.4
Hong Kong	7	366	569	11
Ireland	5.2	398	542	0.5
UAE	10	421	308	29
(red)	Countries with high population			
(yellow)	Countries with high GDP			
(green)	Countries with high exports			
(grey)	Countries where India's exports are particularly low			

These countries currently account for US$ 250 billion of Indian exports and are dominant as current and potential markets. Specific export promotion for intensive and aggressive marketing to these destinations needs to be undertaken. These countries should have export offices located in the country to facilitate connections with Indian exporters.

Developing the Country-Product Matrix

A comprehensive exercise is to be undertaken for mapping the products with the countries. CII has developed a statistical tool to do this and has mapped top products with highest export potential at the 6-digit HS code level for France, Germany, US, UK, Japan, UAE, and South Korea.

Data and Methodology for Identifying India's High Potential Exports

CII has developed a unique methodology that brings out the products of high potential that can be exchanged between two specific countries based on their respective strengths. This is tailored to India's partner countries to identify the items.

Various studies have often used more conventional measures such as the Revealed Comparative Index (RCA), frequently used in trade and international economics to assess competitiveness or the export potential of products. In this paper, the ES index is employed, which is a slightly modified version of the RCA index, to identify products for specific markets and partners. While the RCA index uses world shares to assess export potential, the ES index considers market specific characteristics of the partner country rather than world export shares (as used in the RCA), which is useful to identify products relevant to specific markets.

As per WITS, the ES index is calculated as the ratio of the share of a product in a country's total exports to the share of this product in imports to specific markets or partners rather than its share in world exports:

$ES = (x_{ij}/X_{it}) / (m_{kj}/M_{kt})$

Where x_{ij} and X_{it} are export values of country i in product j, respectively, and where m_{kj} and M_{kt} are the import values of product j in market k and total imports in market k.

In other words, the numerator is the ratio of a country's total exports of a specific commodity to the country's total exports while the denominator is the ratio of the partner country's imports of the commodity to the partner country's total imports. While the numerator, like the RCA index captures the country's share of a specific commodity in its export's basket, the denominator in the ES index captures the partner country's share of the commodity under consideration in its import basket, unlike the world shares in the RCA index. This throws light on the relevance of a particular commodity in a specific market which is an important criterion for understanding potential exports to specific markets. The ESI is similar to the RCA in that the value of the index less than unity indicates a comparative disadvantage and a value above unity represents specialization or comparative advantage of the product under consideration.

This report uses exports and related data from ITC at the HS 6-digit level to identify Indian exports with high potential to eight countries including France, Germany, UK, US, South Korea, Japan and UAE. Expanding production of the identified products are likely to further enhance bilateral trade between India and these countries.

The lists for these countries are given in Annex 3.

Similar exercise can be done for the remaining countries.

Emerging Products

Given that we are looking ahead 8-10 years, while we should indeed focus on building up export share in the 13 items listed above, there are three other specific areas where new goods are emerging that can be promoted intensively to develop manufacturing and export capabilities. These include defence, sustainability and digital technology.

Defence Sector

1. The Government has accorded high priority to defence manufacturing through facilitative policies and industrial parks. The target is to achieve US$ 5 billion exports from the level of US$ 1.2 billion in 2021. This can be further doubled to target US$ 10 billion by 2030.

Sustainability Products

Under sustainability, renewable energy and green products with high energy efficiency and low carbon emissions are likely to be huge markets as countries strive to meet nationally determined commitments.

1. **Solar panels:** Solar photvoltaic panel market is estimated at around $300 billion by 2025.[8] India is currently importing most of its requirements. The Government has placed safeguard duties and encouraged domestic procurement. With renewable energy being emphasized by the world, this sector offers high opportunity to gain market share.

2. **Electric vehicles and parts:** The EV industry has been growing rapidly with number of passenger vehicles registered rising from 2 million in 2016 to over 10 million in 2020[9]. Batteries and chargers are also growing in demand. India can seek market expansion in these products with targeted policies.

3. **Green products:** The global consumer demand for green goods is rising[10] and can be a major market for exports from India. With the growing awareness and preference by key markets to prefer sustainable and ecofriendly products it is time Indian industries take steps to get their products certified as sustainable/green products (like Green Seal, Scientific Certifications Systems, GreenPro Certification etc). This will support in boosting exports further and establishing India as a preferred global supplier for key geographies.

Digital Technology

1. **Drones:** India has brought out a drone manufacturing incentive scheme to promote its industry. The global industry is expected at $43 billion in 2025[11].

[8] https://www.globenewswire.com/news-release/2021/09/30/2306561/0/en/Solar-Photovoltaic-Panel-Manufacturing-Global-Market-Report-2021-COVID-19-Growth-And-Change-To-2030.html
[9] https://www.iea.org/reports/global-ev-outlook-2021/trends-and-developments-in-electric-vehicle-markets
[10] https://www.brinknews.com/the-rise-of-demand-for-sustainable-goods/
[11] https://droneii.com/the-drone-market-size-2020-2025-5-key-takeaways

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2. **Robotics and automation:** The robotics industry is estimated to be about $260 billion by 2030[12]. Although the industry requires a comprehensive manufacturing ecosystem, India with its design and technological capabilities can attempt to address the market.

3. **Smart products:** The smart home industry alone is expected to stand at a market size of $623 billion by 2026[13]. With India as a leading green building country, it can further develop this as an export product. The global wearables market is expected to touch US$ 117 billion by 2025.[14]

Sector specific policies may be brought out for building domestic capabilities in these sectors for exports on the lines of the PLI schemes where these are not in place.

[12] https://www.bcg.com/publications/2021/how-intelligence-and-mobility-will-shape-the-future-of-the-robotics-industry

[13] https://www.globenewswire.com/news-release/2021/10/14/2314486/0/en/Global-Smart-Home-Market-Worth-622-59-Billion-at-29-3-CAGR-Rising-Number-of-Green-Building-Projects-to-Surge-Demand-Fortune-Business-Insights.html

[14] https://www.globenewswire.com/news-release/2021/10/01/2306906/28124/en/Global-Wearables-Market-Report-2021-Increasing-Growth-Prospects-of-Next-Generation-Displays-in-Wearable-Devices.html

II. Demand and International Market Access

Trade Agreements

i. Review Existing FTAs

There is a realization that the FTAs signed by India with ASEAN, Japan, and Korea have not helped Indian Industry access these markets. This is further compounded by the fact that imports have risen across many sectors and this has impacted Industry.

The tariff structure under the existing FTAs needs to be re-examined to avoid inverted duties. Similarly, it is important to check that third countries do not misuse existing FTAs to export to India and thus, the rules of origin should be determined effectively to ensure sufficient value addition taking place in the partner country.

FTAs should not only cover tariff liberalisation, but also address the Non-Tariff Measures in partner countries. A comprehensive exercise of consultations with industry country by country should be undertaken to identify specific NTMs that hinder Indian exports under the FTA. These should be systematically taken up with the FTA partners.

ii. Enter into trade agreements with large markets

There is a need to have a more effective strategy in selecting countries for signing FTAs. Geopolitical considerations in entering FTA discussions should not be the primary consideration and market access for Indian products would be top priority. This in turn implies that markets where India is a competitive supplier can be taken up for negotiations.

Another important aspect of FTAs is that it can greatly help in attracting investments. There is a need to develop a mechanism for closer examination of issues affecting investments flows from partners. Countries with high potential to invest in India and effective participants in global value chains should also be a priority consideration in entering into FTAs.

India is currently making progress on comprehensive economic agreements with such countries and is in negotiations with UK, UAE, Canada, Australia, Israel and the EU which have the potential to attract more exports from India.

While India was keen to enter into a trade agreement with the US, this is likely to take time as the US revisits its trade strategy. The current climate is opportune for India to press for a limited confidence building measure like restoration of GSP by the USA, since its withdrawal has impacted exports from labour intensive sectors like Leather exports.

To seek meaningful market access, we need to be offensive in trade negotiations and time-bound conclusion of the same would help to avoid losing the market to competitors. Capacity building of Industry as a whole and MSMEs in particular is required so that they can contribute with more informed inputs during the process of negotiations.

Early Harvest agreements can be done for some of the current FTA negotiations.

iii. Support manufacturers in information about FTAs

While being part of FTAs/RTAs is crucial for the continued growth of Indian exports, there is a need for a plan of action that helps Indian Industry leverage FTAs. There is a requirement to undertake awareness and learning sessions for exporters on utilizing FTAs through trade and market facilitation centers.

Australia has created a facility where their industry can access all the latest information on FTAs including how they can create a new business plan due to the impact of FTAs, how businesses can use FTAs, how they can benefit from FTAs, links to export financing, assistance for exporters etc.

Such a trade information and market facilitation portal for Indian businesses including all tariff and certification requirements would be beneficial.

Institute Bilateral Investment Deals

India withdrew from bilateral investment treaties in 2016; however, protection from disputes and changes in policies is an important consideration for investors. With investments as a clear and fast route to export promotion in many countries, it is critical for India to be seen as a destination that affords investors' confidence.

Investments are a part of the new-generation free trade agreements. With India working on negotiations with several countries, investments should be considered as a key chapter.

Attracting MNCs and Integration into GVCs

It is necessary to create a dedicated policy focusing on MNCs to transform India into an export hub, similar to China and Vietnam. In this regard, creating a platform for continuous interaction with MNCs to encourage them to become more export oriented might help. Countries like South Korea, China, Mexico, Chile, and now Vietnam have successfully leveraged their open trade and investment policy to integrate into the global production network.

Comparatively, India, which has potential and shown promise to emerge as major manufacturing and export hub, has the scope to improve its response through necessary timely trade policy reforms and ease of doing business. While an increase in FDI has played a critical role for both India and Vietnam, the orientation of FDI is different among these two economies. In Vietnam, FDI is export-oriented, while in India it is largely oriented towards the domestic market, which is sizeable.

MNCs should be encouraged to set up facilities in SEZs (outlined in a later section). This will in turn attract both Indian and overseas ancillaries and facilitate integration onto GVCs.

Need for a stable and predictable tariff regime

MNCs entering India to be part of Global Value Chains (GVCs) seek a predictable, stable and rational tariff regime. Tariffs impact costs, which in turn, becomes one of the most significant considerations for GVCs in general, but especially those which are currently evaluating global destinations as a part of their China + 1 strategy. A high tariff regime with an unpredictable path is a significant deterrent for GVCs. The GVCs always have a long-term outlook when it comes to evaluating alternate economies for investments. Additionally, it also adversely impacts India's competitiveness, including of the ecosystem that GVCs hope to build in India.

Imposition of tariffs on an ad-hoc basis, without detailed consultation with the industry and the nodal Ministry, offsets the advantages of incentive schemes such as the Production Linked Incentive (PLI) Scheme. It increases India's disadvantage vis-à-vis competing destinations such as Vietnam, China, Thailand and Mexico.

Recommendation

- Those sectors, which are part of PLI Scheme or where India needs to build export strength, should have globally competitive, comparable and stable tariffs.

- Every effort should be made to ensure that India's customs duties are not higher than those in competing economies, especially in Asia.

Advance Pricing Agreement

The Advance Pricing Agreement (APA) program is an important policy initiative of the Ministry of Finance for resolving long standing transfer pricing (TP) issues, reducing litigation and providing tax certainty to Multinational Enterprises doing business in India.

The efficiency and effectiveness of the APA program is critical for achieving triple objectives for the Government, viz. (a) providing conducive environment for the taxpayers (b) swift collection of taxes and (c) uplifting the economy with more investments into India. The progress of APAs in recent years, however, has slowed considerably, which has caused a significant backlog of cases, resulting in delay in collection of taxes for the Government and heightening uncertainty for taxpayer.

As on 20 December 2019, 763 out of 1,165 APA applications filed were still under processing[15]. At the average current pace of ~50 agreements being signed every year; it could take several years to clear the current inventory. Meanwhile, more filings every year will continue to add to the backlog. Many of these cases have been pending since 2015 / 2016 and in many cases even the initial questionnaire has not been issued for both unilateral and bilateral APAs.

Recommendations

- Consider adopting 'framework' approach for resolving APA cases with low complexity/ risk e.g., cases involving IT / ITeS transactions

- Allocate additional and specialist resources to the APA team

[15] Annual Report 2019-20, Ministry of Finance

- Use online platform for preliminary consultations, negotiations and site-visits. Thereafter, if required, proceed with physical site visits. No need for site visits for certain transactions (e.g., financial transactions).

- Create special window - ‘Accelerated APA’ - for clearing up old cases (similar to Vivad Se Vishwas Scheme)

- Fast track APA renewals

- Delegate authority for approval of APAs for faster processing

- Rationalise safe harbour rules to make them more attractive and thus reduce the load on APAs.

- Issue detailed APA guidance to set the right expectations

- Allow opt-ins for ‘roll forward’ options for APA renewals

- Provide quick timelines for different APA phases to conclude APA in a timely manner

- Bring transparency in the overall APA process

- Keep the regular TP assessment in abeyance during the APA process, in line with the international practices.

Build Presence in Global Value Chains
About 70% of international trade today involves global value chains (GVCs), as services, raw materials, parts, and components cross borders, often numerous times.

For the involvement of developing countries in GVCs, geography clearly matters. The world seems to have three interconnected production hubs for extensive trade in parts and components: one centered on the United States, one in Asia (China, Japan, Republic of Korea), and the third one in Europe (especially Germany). While USA and EU are major trading partners of India, simultaneously it has been trying to integrate with the East Asia value chain by following the FTA route.

India’s rank in GVC participation is quite low, though in recent years, its rate of growth of GVC participation has been among the highest in the world. For most merchandise sectors, India has a relatively low rank for GVC participation.

India, at present, has limited number of products where it owns GVCs, that is, it exports final goods after importing inputs; as a result, its share in total value added created by global trade is not more than 1 percent. India exports and imports of intermediates are much smaller than countries like China. In 2019, India imported intermediates worth of US$ 350 billion and exported about US$ 153 billion[16].

[16] https://www.tpci.in/indiabusinesstrade/blogs/intermediate-goods-trade-a-reflection-of-gvc-participation/

India should initiate its own GVCs in a manner that it not only increases its share in world trade but also increases its trade competitiveness. "Make in India" and FTAs could be leveraged to attract more FDI and use them to connect Indian SMEs to large firms.

There is a need to identify the domestic policy gaps and key enablers that may be constraining exports growth and India's integration into the GVCs. The factors, which need to be addressed for creating a good enabling environment for India's integration into the GVCs are following:

- **Enabling Trade and Investment Policy:** Appropriate reform of foreign investment rules can encourage GVC partners and lead foreign firms to strengthen relationships with local firms, including through technology transfers. Similarly, maintaining an open stance in relation to international trade, particularly in the case of intermediate inputs and capital goods can facilitate movement of goods that bring technology embedded in them.

- **Service Sector Liberalisation:** While liberalizing trade in goods is a starting point for creating new trade opportunities, the value chains of industrial goods also require efficient services. Improvements in the performance of the service sector, including through liberalizing services trade, is a priority. This will enhance the competitiveness of manufacturing firms and facilitate their participation in global production networks. While India has significantly opened its services sector, it still restricts access to their local services markets, which in turn could hamper efforts to promote industrial goods exports.

- **Leveraging FTAs:** Free Trade Agreements could be a catalyst in enhancing GVC participation by developing countries, provided such agreements are deep in commitments, and broad in scope and coverage. While India has signed some deep FTAs with countries like Japan and Korea, the country needs to leverage them for realising greater export and FDI. Many countries have successfully used FTAs to attract FDI and facilitated their companies' integration into the regional value chains.

- **Trade Logistics:** An efficient trade logistics system is extremely important enabler for integration into the GVCs. With goods crossing borders multiple times as a result of enhanced GVC activity, trade facilitation has become central to the smooth functioning of GVCs. The inefficiency in trade logistics system is raising the cost of exports and imports considerably. This also includes issues regarding just-in-time delivery and last mile connectivity as India faces infrastructure shortages, which includes power, roads, finances etc.

- **Trade and Standards:** The standards related gaps in India need to be addressed and plugged. The awareness and adoption of standards are very low. The lead company in GVCs follow the strict standard compliance for sourcing of intermediates. More often, they insist on adoption of private standards, which are expensive to comply with.

- **Role of Institutions, Skill Development etc.:** Building institutional capacity including governance, the rule of law, contract enforcement and respecting intellectual property rights are important for securing the benefits of technology transfers. All types of technology transfer within GVCs rely on some type of legal relationship between the source and the recipient. In addition, the provision of education and training (e.g., in IT, languages and professional skills) as well as greater domestic and international labour mobility. Among other things, this will enable domestic firms as well as individuals to take advantage of service-export opportunities.

- India should incentivize the development of lead firms that can handhold MSMEs to develop low volume-special products. Simultaneously, efforts should be made to facilitate B2B interaction so that SMEs can integrate into GVCs.

Marketing and Promotion of Brand India

India needs to diversify its markets as its top destinations are strongly concentrated, while at the same time, it must also diversify its export basket to its largest export markets. Its marketing promotion system is based on numerous sectoral export promotion bodies which lack the collective ability to strengthen the brand of Indian manufacturing and services. With limited and dispersed resources, market promotion agencies fail to make an impact for Indian goods. India lacks a professional and competent marketing strategy for boosting its presence and its exports to other countries. Most other export-oriented countries have dedicated marketing agencies with offices in key markets for connecting overseas buyers with domestic manufacturers.

Some notable global agencies include Malaysia External Trade Development Corporation, ApexBrasil, ProColombia, Business Sweden, and so on. For example, ProColombia has offices across the world including India, China, Singapore, Japan, South Korea and Indonesia in Asia. These are all set up by Governments and provide services to exporters in a targeted manner to access overseas markets.

India should set up such an agency with dedicated offices overseas for branding and promotion activities as well as providing marketing services to Indian exporters. It is important for these offices to be staffed by professional, high-caliber marketing personnel.

Functions
A model marketing and promotion agency for India would have the following functions:

- Build the India brand by a strong presence in international trade activities in other countries

- Offer professional marketing services

- Information support for exporters: This would cover tariff information, standards and certifications applicable, non-tariff barriers, FTA information, and so on.

- Linking services for buyers: The overseas export office of the marketing agency would provide interested buyers with information on suppliers in India.

- Assist in trade show participation: The overseas export office of the marketing agency would help Indian exporters to know about trade shows and facilitate their participation in such shows where they can connect with buyers. It would also provide information in its overseas offices on Indian shows that buyers can participate in.

- Market promotion services: It would help Indian exporters to reach out to overseas buyers and provide them with rental space for short product exhibitions and road shows.

To provide such services, the Government may consider a dedicated export promotion agency, called IndiaTrade or ExportIndia. This would have a central office in India and also have offices in key overseas markets as well as in states of India. The top ten exporting nations' business cities may be considered to begin with.

Such a model would have private sector participation and would provide professional services to Indian industry on a subsidized fee basis. This would greatly help MSME sector to access overseas markets.

The key to enhancing the image of Brand India is quality products delivered with great reliability and precision. Predictability and certainty in supply chains is the critical factor for buyers since they need to provide the same high degree of precision for their upstream clients.

India has one key resource that is bringing it huge benefits and that is follow-up service. We have seen this in the case of capital goods for many companies which are exporting machinery overseas, despite the price differential with China. What differentiates our products is the service delivery that comes with the product. This makes our products sustainable and tailored to the customer requirement, particularly in advanced economies.

The second key differentiator for Indian goods will be innovation and green products.

Therefore, we need to reach out local products to global markets that are of high quality, that are able to reach buyers on time, and that are followed up with expert service delivery and constant stream of new products.

Recommendations

- Expand funds for marketing promotion, particularly in major markets in advanced countries where it has the potential to capture share from other countries

- Set up a task force for marketing and promotion with private players

- Marketing and promotion activity should be given out to an industry body

- This could be partly funded by Government and partly by industry for services availed. It could also help in connecting with overseas investors in those markets and provide information, handholding and facilitation services.

- Branding is only for finished products. Government should focus on a few and build on it. For example, Amul has become a global brand as a finished/consumer product.

- For most of India's exports that are in the intermediate category, what matters for a "brand" is quality, timeliness, servicing complaints, flexibility, etc. India has the largest number of Deming Award winners outside Japan. This stands for manufacturing quality. It can become a brand building instrument especially for non-finished products, or non-consumer products

- We have huge potential in building Indian brands in Ayush, green products, bamboo and Geographic Indications (GI). The Government has taken initiatives to get GI tags and these products should be extensively promoted overseas.

- Provide additional support for exports to key markets

- Expand the Market Access Initiative and Market Development Assistance

- Organize targeted sectoral business delegations to identified countries

- Step up state level interactions and sectoral interactions, including through virtual mode

- Establish 'Tech Centres' in select countries, jointly funded by industry and Department of Commerce/Department of Heavy Industry/Ministry of MSME

- Develop a protocol for Indian missions overseas to take up including trade talks, market access, business meetings, trade shows (including virtually), trade and tender information, and so on

III. Supply Side and National Competitiveness

Remission of Duties and Taxes on Export Products (RoDTEP)

- RoDTEP rates have not taken into account various key sectors and products. For sustaining India's export competitiveness, it is important to extend the RoDTEP benefits to further sectors and also, to reconsider the rates of some of the included products. The issue regarding exclusion of Chapters 27 (petroleum products), 28 (organic chemicals), 29 (inorganic chemicals), 30 (pharmaceuticals), 72 (Iron and Steel) and Chapter 73 (Articles of Iron and Steel) from the RoDTEP scheme must be addressed.

- The Government must reconsider the case of remission duties in certain instances as brought to its attention.

- The Government should also revisit the guidelines of RoDTEP scheme and include the exports of SEZs/EOUs since they also procure domestic inputs while availing some exemptions only at the discretion of the respective State policies. This will create non-level playing field as compared to DTA units, thereby affecting the overall relevancy of these units to remain as SEZs/ EOUs.

- Government should strive to credit the export incentives in real time directly to the exporters bank account like credit of duty drawback, instead of routing through issue of duty scripts. It shall help the exporters to get the much-needed instant cash rather waiting for issuance and transferring the scripts at lower amount which raises costs.

- In certain cases where imports fall under BIS or Quality Control Orders, Advance Authorisation (AA) is compulsory. RoDTEP benefit is not available in this case. RoDTEP benefits should be extended to AA holders.

Tax disputes

There are several changes underway in the tax administration today that promise to alter not only the nature of tax disputes, but also the way in which these needs to be dealt with. The disputes around the taxation are likely to dominate the time and attention of both taxpayers as well as the authorities.

The administrative set up needs to focus on value rather than volume-based assessments on all matters.

As the one-time dispute resolution scheme introduced for indirect taxes was a huge success, similarly a one-time dispute resolution scheme should be introduced under Customs law also to settle and resolve the pending disputes.

Manufacturing Competitiveness

Recalibration of Import Duties to Boost Value-Added Exports

India has been imposing excessively high import duties on components and intermediate goods. Presently, the import duty on several intermediate components used in the manufacturing process is more than that on the finished goods. This has resulted in a situation of inverted duty structure, particularly prominent in the high impact sector. Due to this, imports of finished products have thrived, discouraging new investments and underdevelopment of a vibrant input ecosystem in the economy. Thus, the inverted tariff structure has severely discouraged domestic value addition in India. Restriction on imports through tariffs affect India's competitiveness globally and disrupts the supply chains by acting as a disincentive for future investment. The government should aim at encouraging import of intermediate products that add value to exports.

Recommendations

- A graded roadmap needs to be strategized to shift duty slabs to a competitive level over a period of 3 years, with exception to a few products presently in the higher slabs, accompanied by policy actions to boost domestic manufacturing. Phased manufacturing program together with Production Linked Incentives are a good example which allows domestic manufacturers time to adjust.

  i. Duty on imports of final products should be in the standard slab.
  ii. Duty on intermediates should be placed in the lower slab
  iii. Duty on inputs or raw materials must stand at the lowest or nil slab.

- Review of final and intermediate products can be undertaken to ensure that inputs which are not being manufactured in India can be imported at lower duty to increase export competitiveness of final products manufactured in India.

- Review of final and intermediate products needs to be undertaken to ensure that inputs which are not being manufactured in India can be imported at lower duty to increase export competitiveness of final products manufactured in India.

- Though government has introduced provisions of duty-free import of raw material and capital goods for use in export goods, the provisions should be extended to the import of traded goods also imported for use in export products.

- As the technology is fast changing, capital goods need to be replaced or upgraded accordingly. Therefore, the provisions of charging import duty on the depreciated value of capital goods should also be reviewed not to levy import duty once capital goods have been put to use for a certain period.

- Dumping of goods at low costs from other countries should be prevented.

- Avoid placing ad hoc export duties and export bans on agricultural goods, chrome ore and other products.

Ease of Doing Business

While ease of doing business has been a priority for state governments, its actual implementation can be improved through specific actions relating to land, labour and approval processes.

Recommendations

- The Chief Secretary in a state should conduct regular meetings to assess the effectiveness of on-ground implementation of SWS.
- There should be time-bound approval and no need to visit government offices physically.
- Expand the coverage of SWS platform. For a business entity, there should not be any other point of interface with the government, other than the SWS.
- Exempt imports made by SEZ units and developers from GST Compensation Cess through a clear notification
- Provide electricity to power intensive industries at affordable rates by improving efficiency and tapping various modes of power generation.
- Allow industries to buy land directly from farmers and rationalize stamp duty
- Digitize and integrate land records at all levels
- A single window should be set up in each state for all land-related information, transaction, digitized records and land titles

Cost of Doing Business

Overall manufacturing competitiveness in India is impacted by higher costs at every stage of the export process, ranging from starting a business to processes to transport of the products. Cross-subsidies in power, land acquisition costs and stamp duty, costs of procuring licenses and approvals, and delays in processes together compound the costs of the final product that the enterprise proposes to offer for global markets. Labour productivity in India is low, leading to higher labour costs despite the demographic advantage.

All delays and hurdles manifest in higher working capital requirements, lost orders, longer inventory holdings, and added storage costs.

It is important to ensure uninterrupted power supply to manufacturers that are exporting and reduce the cost of power to these units by offering subsidies and removing cross-subsidies

CII has called for development of a Cost of Doing Business Index that can capture the areas to be addressed.

Creation of SEZs and Industrial Parks with World-Class Facilities

i. Develop Separate Policy Frameworks for Manufacturing and Service based SEZ

Since the modalities of operations of both manufacturing and service based SEZs are different based on the very nature of their activities, there is an inherent need to develop separate policy frameworks for both service and manufacturing based SEZs. This is especially true since Services SEZs are WTO compliant, whereas Manufacturing SEZs are not.

It may be noted that this is also a key recommendation of the Baba Kalyani Committee which was constituted by the Ministry of Commerce and Industry to study the existing SEZ policy of India.

ii. Adopt SEZ Plus Model to attract Large MNC and Large Indian OEMs that are planning for export-led growth and integrating into GVCs

The authorities may adopt the SEZ Plus Model which is also WTO compliant to enhance the efficiency of these zones for which the following measures may be undertaken:

- ***Removal of Net Foreign Exchange (NFE) Criteria for Subsidies:*** The concept of Net Foreign Exchange (NFE) for providing fiscal benefits to SEZ units is considered as non-compatible as per the WTO norms as the said NFE condition makes the fiscal benefits appear to be contingent upon export performance. Hence, removal of this criterion from the SEZ framework will not only make it WTO compliant but also freely allow more FDIs to make investment in India. It is critical that the Government realise that the Net Foreign Exchange (NFE) Rules need to be reassessed to make SEZs more attractive for new units and to make SEZ scheme WTO compliant.

  The quantum of incentives could be based on investment committed, job creation, promoting jobs for women, value addition, technology differentiation, trade potential and priority industry.

  The Baba Kalyani Committee has also recommended allowing domestic supplies in Rupee/payments to be made in rupee while dealing with areas outside the zone and move away from incentive linkages from exports so that the condition of Net Foreign Exchange (NFE) is not required.

  The following table presents few suggested alternative criteria to NFE for subsidies:

Parameters	Alternative Criteria to NFE for Subsidies
Business volume linked. Balancing Exports promotion and AtmaNirbhar Bharat objectives through DTA access.	Consider setting a minimum threshold of business volumes to be achieved in 5 years for the existing units. The same threshold can be used as the base for any new comparative unit being permitted to be set up. This may not be challenged in WTO as domestic supply and exports would be on equal, non-discriminating benchmark for the units in SEZ, and the incentive cannot be claimed to be export centric. Ideally, a benchmark should be prepared based on objective criteria after evaluating the current business volume levels in exports and material supplied in DTA. Units achieving a level-based business volume target in International and Domestic markets may be promoted through sharing of marketing, and advertising spends incurred in international markets.
Investments linked. The existing level benchmarking may be an outcome of research and the forward target setting for investments may be setup basis the characteristics and potential of the SEZ to attract new units. [an objective criterion may be considered].	The anchor businesses may be required to fulfil a minimum criterion for investments, business volume, technological supremacy, product and category dominance, strong R&D (each based on objective criteria) and may prove to be magnetic to attract similar units or ancillary industries to setup their base in SEZs in order to avail the incentives. The new anchor businesses could primarily be large companies excelling in the Sunrise sectors. These new anchor units, when compared and benchmarked with similar domestic industries, may also be encouraged to expand their existing production capacity in order to get the incentives.
Shared Infrastructure linked. The units in the SEZ may be encouraged to create infrastructure capacity, that enables the SEZs to be self-sufficient and seek to build a co-operative environment.	Sharing reduces wastage and promotes optimum utilisation of resources. Modifications and relaxation in SEZ rules and regulations may be required to make doing inter-se business amongst the SEZ units easier. A more co-operative framework may be established to enable SEZ units to benefit out of the infrastructure developed by other unit holders in SEZs. Such benefits may be provided for sharing a facility, vacant capacity, idle equipment and tools, sharing expert resources in similar requirements.
Direct Employment opportunities linked. Employment shall not only be judged by quantity but also by quality. Scaling up of manufacturing capacity, shall help units attract more direct employment, along with creating many indirect employment opportunities.	Training centres and infrastructure in Units could help in right skilling, up-skilling etc. along with equitable, harassment free and safe working conditions. Incentives may be provided which are linked to creating employment opportunities. Government may compensate the unit owners for the training facilities and infrastructure being created within the unit. The Government, on its side, can align trainers to provide a higher level of professional training and can compensate or exempt the unit holders for the professional charges of such trainers.

- ***Service Specific Incentives for Manufacturing Operations:*** There are several export units in India who are service providers for the manufacturing sector through various means such as concept creation, providing designs, quality specifications, procurement handling, repair and maintenance, labour skill up-gradation services, providing outsourced models, product design and development, Research & Development (R&D), supply chain management including in-bound and out-bound activities, and lease services. All such service providers for the manufacturing sector could be included in the "Services" category and provide fiscal benefits on par with the service based SEZs, as they would be WTO compliant. Some services which could be included for manufacturing industries include food, beverage, tobacco, textile, wearing apparel, leather, wood, paper, petroleum, chemical and pharmaceutical products, basic metal, transport equipment, furniture, and jewellery designs, among others.

- ***Benefits for Companies Adopting Sustainable Measures in Accordance with Sustainable Development Goals (SDGs):*** Companies or firms focused on initiatives that are compliant with development and furthering of the UN's 17 SGD goals are WTO compliant and hence can be provided as SMART benefits / incentives. Some of those activities include but are not limited to conservation of energy, materials, water etc., renewable energy, green technology development, improving health and sanitation of customers, reduced scope for hard labour activities, while promoting semi-skilled workmanships and advanced technology models for moving up the value chain.

- ***Providing Subsidies on Utilities and Other Charges that are WTO compliant:*** Providing utilities to units and developers at competitive rates is crucial. Authorities may evaluate benefits/incentives that may be given on utilities to enable competitiveness of units within zones. Units may be given autonomy to choose between central or state benefits/incentives (provided by Department of Commerce, Line Ministries, State Governments), whichever is more beneficial.

- ***Services Rendered by Free Trade Warehousing Zone (FTWZ) Units to Foreign Clients to be Considered as Exports:*** Services rendered by FTWZ units to its foreign clients need to be considered as exports and hence should be zero rated. This will bring FTWZs in India at par with Free Trade Zones of overseas and also avoid export of taxes.

- ***Providing Infrastructure Status to all SEZ/ FTWZ Developers:*** Fiscal benefits provided to the SEZ / FTWZ developers are considered as infrastructure developers and hence such benefits / incentives would be WTO compatible. There are no challenges on the subsidies provided to the developers, as they do not engage in any 'direct export' activities.

iii. Encourage Manufacturing under the MOOWR 2019 Scheme

The Manufacture and Other Operations in Warehouse Regulations ("MOOWR Scheme"), which came into effect in 2019 should be encouraged for small and medium sized manufacturers in the DTA that want to access export markets in an incremental manner. These manufacturers need not commit to the stringent criteria of SEZs. While the quantum of benefits may be lower than for SEZ units, these units can still benefit from EODB and CODB for their exports. The following are the terms and conditions for Units under MOOWR 2019 for easy reference:

Attributes	Terms and Conditions for Units under MOOWR 2019
Minimum Area Requirement	No requirement
Exemptions for Setting up Unit	No
Exemptions for Plant and Machinery	Yes
Exemption for Raw materials	Yes
Dutiable Value – Domestic Tariff Area (DTA) Sales	Reversal of duty forgone
Reverse Job Work for DTA Clients	Allowed
Net Foreign Exchange (NFE)	No such requirement
License and renewal	No license, only registration certificate is required. Once the registration is completed it does not have to be renewed.
Adherence to Standard Input Output Norms (SION) Norms	SION norms are decided by the Unit
Depreciation on capital goods	Not Applicable

Given that growth in SEZ exports can help Indian exports to grow and revive the overall growth of the economy, bring in investment and create employment, there is an urgent need to redraft the policy and align it with schemes like the MOOWR scheme. Aligning both these schemes will not only remove all uncertainties for SEZ investors but also address their concerns of multiple overlapping schemes and policies.

iv. Ease Compliance Norms and Enhancing Digitization

- Duty Drawback eligible on exports from DTA to SEZ should be credited to exporter's bank account similarly as exports through ICES (Indian Custom EDI System), without the need to submit physical documents which will drastically reduce time, money and energy expended by both the exporters and authorities and promote ease of doing business.

- Presently, the policy requires that any unit catering to the domestic and export market should set up 2 entities – one in DTA and other in Electronic Hardware Technology Park (EHTP), SEZ, etc. Thus, it is recommended that in order to realise the benefits of economies of scale, a single manufacturing unit, either in DTA or SEZ, may be facilitated to address both the markets. Sales from SEZs to DTA should be treated on duty foregone basis – this will provide parity with DTA manufacturers.

- Draw up a comprehensive list of projects required for improving facilities at key export manufacturing centres, SEZs, and industrial parks to link with ports.

- Upgrade SEZ units into electronic data interface (EDI).

v. Revisit the RoDTEP Guidelines

The government may revisit the guidelines of RoDTEP scheme and include the exports of SEZs/EOUs since they also procure domestic inputs while availing some exemptions only at the discretion of the respective state policies.

vi. Align FTAs with SEZ Policy

India has signed Free Trade Agreements with countries like Sri Lanka, Japan, South Korea, and ASEAN (Association of South-East Asian Nations), under which India exempts or allows concessional rate of customs duties on many products which is not applicable to goods from Indian SEZ to the DTA. The authorities may modify this to provide a level playing field for SEZs. They should have the benefits of the zero or concessional Custom duty rates offered under the trade agreements of India.

vii. Accurate Categorization of EXIM Data

It is crucial to collate and present data on exports and imports from SEZs by sectors. The manufacturing sectors should be represented with proper classification so that exports and imports from SEZ and DTA can be calculated and monitored. The SEZ developers and units submit this data to the Development Commissioners office which can be utilised for the purpose of this exercise.

viii. Leverage SEZs for Integration into Global Value Chains

SEZs should be leveraged on for integration into the Global Value Chains (GVCs) by first permitting sensitive sectors to first operate in these zones, experiment with them and only after their success, integrate them in the domestic manufacturing market. SEZs are deemed foreign territories, thereby, it provides opportunity to the authorities to develop the roadmap before opening to much wider markets.

Quality Certification and Standard Testing Facilities

The Foreign Trade Policy Statement for FTP 2015-20 identified standards as an area of focus given the issues Indian exporters face in markets where the SPS and TBT barriers are high. This problem is further compounded by the fact that there is a divergence in SPS and TBT measures around the world and given the costs associated with compliance to mandatory standards, Indian exporters are unable to increase and diversify their exports.

Standards must be a core component of India’s export strategy. India already has a national policy and strategy for standards and regularly organizes national and regional conclaves to increase awareness of standards. Schemes to support Industries in increasing the level of standards so that export markets of interest can be accessed need to be considered. Additionally, exploring signing of Mutual Recognition Agreements (MRAs) with countries where Indian products can be exported should also become a key part of the new foreign trade policy.

The cost of obtaining such certifications is high, shutting out many small enterprises from export markets. Moreover, the information regarding certification is not readily available to exporters, detracting from interest in manufacturers exploring overseas markets.

Recommendations

- Create a wide-ranging awareness dissemination program on standards and compliances for exports
- Set up a scheme to assist exporters in accessing certifications
- Provide loans for enabling firms to obtain certifications
- Create a robust and updated portal advising about required standards in different countries for all HS code items
- Draw up a plan for setting up certification bodies in proximity of manufacturing hubs or making their services available to firms easily
- Set up certification bodies across the country and ensure that there is awareness about them through a common portal
- Undertake mutual recognition agreements with partner countries and take their help through governmental interaction for strengthening India's standards
- Work on bringing out standards for most products to inculcate a culture of quality in the manufacturing sector
- Standards used in India should be aligned with globally accredited standards.
- Test Laboratories like CMRI, NPL, EPRI, etc. and Certification agencies like PESO should be globally accredited.

Export Credit

Export credit outstanding is very low as a proportion of total non-food bank credit outstanding which attests to the lack of access to funds. The Export Import Bank of India is also a key provider of funds to exporters through letters of credit, pre and post shipment advance and buyers' credit. However, as average lending rates in India are higher than that in other emerging economies, Indian exports are rendered uncompetitive.

Recommendations

- Continue Interest Equalisation Scheme (IES) for exporters and manufacturer-exporters

- Expand IES to include all exporters instead of only MSME with the objective of creating jobs

- Ensure IES reaches out to more enterprises through information awareness

- Increase overall allocation to the scheme to enable more enterprises to access the funds

- Increase LIBOR-spread capping on External Commercial Borrowings

- Release pending claims of ECGC at the earliest

- Reduce insurance costs for exports under ECGC

- Enable Exim Bank of India to lend more by increasing its capital and permitting enhanced lending limits

Technology and R&D

Although India has raised its ranking in the Global Innovation Index from 81 in 2015 to 46 in 2021 and ranks third in research publications and startups, its R&D expenditure at 0.65% of GDP is low compared to the global average of 2.3% for developed countries and 1.25% for developing countries. Second, unlike developed economies where more than 70% of investments in R&D comes from the private sector, the Indian private sector contributes just 37% to the total. Third, India ranks 7th in patent filing offices among all countries; however, only 30% of patents are filed by Indian residents as against a global average of over 60%.

- An overarching Technology Commission of India can coordinate, integrate, synergize and manage all technology funding, policy, procedures, development and deployment.

- Each ministry can be provided with a fund for R&D and tech-based innovations including through incubation cells for startups.

- To promote public private partnerships, a Technology Fund could be created through which the Government could fund T&D and innovation projects, with the private sector contributing 60% and 40% coming from the Technology Fund.

- To build strong industry academic collaboration for research, global best practices such as professional exchange programs should be adapted for implementation in India.

- It is important to protect the results of investments by securing Intellectual Property Rights and commercialization of IP. An IP revolution can be considered. Lower corporate tax rate on products with an Indian patent and which are developed in India as done in the UK would also be compliant with WTO norms.

- Banks should be encouraged to consider filed patents and registered design as collateral security with a transparent valuation process.

- Technology blocs with like-minded countries could be considered.

Logistics Effectiveness

India's transport model is skewed towards the more expensive road transport at over 70% of freight carried, rather than the railways, which are also more sustainable. Inland waterways make up a small proportion of the transport mix as compared to other countries blessed with excellent river systems. Containerization uptake in India can be raised as well.

Ease of Logistics

The Government introduced the Trade Infrastructure for Export Scheme in 2017 with an outlay of Rs 600 crores over 3 years which is now over. The scheme was meant to upgrade infrastructure such as land customs stations, export warehousing in SEZs, last mile connectivity and quality and certification laboratories. In the absence of infrastructure facilities, the cost factor goes up, detracting from competitiveness of exports. Also, reliability of exporters in on-time delivery of consignments is compromised.

The overall target should be to develop a logistics system that provides options for lowering costs. A modal mix of roads at 25-30% share, railways at 50-55% and waterways at 20-25% should be the target. This means more freight being carried through railways and waterways, interoperability of transport modes through better facilities for containers, and better multimodal connectivity.

- Enhance expenditure on trade infrastructure and extend TIES including it under National Infrastructure Pipeline

- Draw up a comprehensive list of projects required for improving facilities at key export manufacturing centres, SEZs, and industrial parks to link with ports

- Upgrade existing facilities and add digital technologies wherever required at ports

- Set up cold chains and warehouses

- Draw up a comprehensive strategy for hinterland connectivity and reducing port dwell time

- Create modern port parks with all services for easy accessibility

- Create new shipping facilities so that trans-shipment time is avoided

- Activate the program for Coastal Economic Zones with special regulatory provisions through SPVs. These should work towards rapid creation of infrastructure to be provided to large manufacturing companies and ancillaries in a plug-and-play mode.

- Build the inland water system to enable trade through an eco-friendly and cheap means of bulk transport.

Cost of Logistics

While creation of new infrastructure will reduce the logistics cost for exports, faster digital processes will cut down delays and enhance transparency, thereby lowering the overall indirect costs.

The direct costs of transport and logistics relate to documentation, container freight stations and inland container depots, inland transport, customs clearance, container terminals and ocean transport.

In addition, indirect costs mount up in penalties for late delivery, holding inventory costs and storage costs in case of delays at any of the nodes. A CII-Maersk study across four sectors found that delays and unreliable transport added up as much as 38-47% of logistics costs. Reducing the costs of trade by 10% could generate additional exports of up to 5-8%.

The actions required for lowering logistics management costs would include:

- Development of digital tools for documentation processes

- Development of tools to provide information on port access delays

- Waive ground rent for 3 days for DPD customers

- ICEGATE to provide online facility for Dock Customs registration for shipping bills

- Start of exports from import of equipment should be increased from 6 months to a year and payback period on exports should be increased from 6 years to 8 years

- Increased visibility on cost for shippers across the transport and logistics chain

- Ease of documentation and compliance

- Faster clearance for goods

- Upgrading the technical expertise of documentation and compliance handling function

- Investment in training for truck drivers, crane operators, material handlers, etc

Trade Facilitation

Over the last few years, the Government of India has accorded high priority to trade facilitation reforms to simplify, and re-engineer business processes related to Customs. Initiatives such as implementation of SWIFT, automation of customs clearance processes, provision of EDI within agencies, and launch of Integrated Risk Management System (RMS), have helped in simplification, modernization, and harmonization of trade processes for bringing down the transaction costs of business.

With the onset of the COVID-19, the focus of the authorities on improving trade ecosystem has enhanced not only for the immediate pandemic response, but also for the subsequent recovery efforts to build resilience to future disruptions. As part of this, the Turant Customs was introduced which included faceless or anonymised assessment, self-registration of goods by importers, automated clearances of bills of entry, and digitization of Customs documents, among others.

While these reform measures are noteworthy, there is need for further improvement in terms of leveraging on information technology for creating a paperless trade regime and streamlining of procedures.

The areas which need to be addressed include:

1. Digitization of trade procedures
2. Standardization of Customs regulations across ports
3. Independent working of container freight stations and Customs work
4. Advance Ruling Mechanism – implementation of rules notified by CBIC
5. Authorized Economic Operator programme
6. Making late submission fees norms more industry friendly
7. Voluntary payment of Customs Duty
8. Redressal mechanism for Speaking Order including time limit
9. Addressing delays in refund process
10. Improving faceless assessment mechanism
11. Modify RMS to record / reflect actions of field officers
12. Introduce RMS for incentive shipping bills
13. Increase reliance on Post Clearance Audit
14. Create valuation / assessment centers of excellence
15. Make past tribunal decisions available online
16. Use standard codes for duty drawback scheme
17. Removing restrictions in new ICD policy
18. Policy for exemption of Customs cost recovery charges toward the deployment of Customs staff at ICDs/CFSs
19. Eliminate one time seal provided by the streamer agent at export
20. E-seal for import containers
21. Electronic gate
22. Unloading of export cargo before filing of shipping bills
23. E-gate for exports – delays in entry of export container trailer
24. Single document for entry to port

25. Fast track route for AEO exporters
26. Provision to handle coastal cargo (domestic) within ICD / CFS premises
27. Manufacturing permission at public bonded warehouse under Sec- 57
28. Availability of containers for exporters

Key recommendations to address these gaps for making the on-ground custom processes smoother and addressing the topical issues of the industry are in the Annex 2.

Additionally, port infrastructure should be improved, and India should develop a few globally competitive shipping lines and container service providers.

Labour Reforms

India's labour productivity stood at US$ 8.3 compared to US$ 15.2 for Thailand, US$ 13.8 for China and US$ 13.1 for Indonesia[17]. To encourage exports at scale, strengthening labour productivity and implementing labour reforms are a key dimension to be addressed.

Labour Codes: The four Labour Codes that intend to simplify and converge 29 labour laws have been notified but are yet to be notified by the state governments. The rules on the Codes should be framed in consultation with industry. The threshold limit for certain labour laws should be increased. Each state should create a single labour authority.

Labour regulations: Ease of doing business under labour regulations such as returns, inspections, and other issues should facilitate enterprises to grow. If possible, special labour enclaves can be created where labour regulations are easy and promote employment at scale.

Education and skill development: Basic literacy and necessary skills must be built up to raise labour productivity. The education system is underfunded and as per the New Education Policy, additional spending is required to take the total expenditure to 6% of GDP. Further, the quality of education at all levels including primary, secondary and higher education, can be improved through better teacher training and enhanced use of digital technologies. Formal skills constitute a major gap in the Indian system, particularly in some states with high labour workforce where there is little industry. This is a long-term agenda and requires actions on areas such as vocational education as part of school curriculum, skill vouchers and apprenticeships. Skills need to be continuously mapped to identify gaps and develop qualification certifications accordingly.

[17] https://ilostat.ilo.org/topics/labour-productivity/

V. Conclusion

Export strategy for India goes beyond the issues of trade, economic growth and employment creation. More importantly, given that strategic influence of a nation derives greatly from its economic heft and presence in the global economy, the export objective is a foreign policy imperative that requires a dedicated whole-of-government approach that extends to state governments.

Given its vast and diversified manufacturing and agriculture capabilities, strong entrepreneurial and innovation culture and large economic size, India's potential to gain significant market share in global exports is high.

Currently, its share in global exports at 1.6% and rank as goods exporter at 21 are not in synch with its economic size of a US$ 3 trillion economy. Also, India's export product profile is not as per the top globally traded items. Both in terms of products and destinations, there is need to diversify its export capabilities.

The underlying structure of its trade and tariff policy must encourage more openness so that it is able to leverage its large markets to attract investors and slot into global value chains.

At home, it must build up manufacturing strengths in existing sectors, high value-added sectors and high technology products. It must also assiduously target emerging sectors of the global economy that are rapidly gaining market share.

On its part, industry should strive to change its mindset regarding global engagement. It must attempt to build up its competitiveness and drive productivity, including through quality, to produce world class products. It should work on meeting global standards and ensure the reliability of its goods on a long-term basis.

It must also focus on diversifying export destinations and look for new ways to address new markets.

Industry must also invest in aggressive marketing and building its brand overseas. It should be willing to invest in human talent and skilled labour.

Further, continuous innovation, product design and R&D to keep pace with global developments and lead the world should be a key objective. A culture of R&D and innovation must be built at the organisational level.

The target of US$1 trillion in merchandise exports requires a 14% CAGR over 2022-2030 and can be achieved provided the global economy is robust and continues on the trend export path.

With the Government and industry on the same page, the export endeavour can be achieved to make India a global manufacturing powerhouse for the world.

Annex 1: Identified Product Categories for Export Promotion

Product code	Product label	Exported value in 2019, US$ bn	Global growth 2011-2019, %	Global exports 2030, US$ bn	India 2019, US$ bn	India share 2019, %	Estimated share in 2030, %	India's potential exports in 2030, US$ bn	Target exports in 2025, US$ bn	Target exports in 2028, US$ bn
'TOTAL	All products	18736								
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	2702	27	3431.54	14.9	0.55	5	171.58	30	100
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	2214	7	2368.98	21.2	0.96	3	71.07	30	37
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1501	18	1771.18	17.4	1.16	3	53.14	35	45
'30	Pharmaceutical products	618	32	815.76	16.2	2.62	4	32.63	20	28

'39	Plastics and articles thereof	624	11	692.64	7.4	1.19	3	20.78	12	18
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical **...**	612	15	703.8	3.4	0.56	3	21.11	7	14
'29	Organic chemicals	412		412	18.2	4.42	5	20.60	19	20
'94	Furniture: bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; **...**	261	37	357.57	1.8	0.69	5	17.88	8	15
'38	Miscellaneous chemical products	208	14	237.12	5.8	2.79	4	9.48	7	8
'61	Articles of apparel and clothing accessories, knitted or crocheted	238	14	271.32	7.9	3.32	7	18.99	10	12

'62	Articles of apparel and clothing accessories, not knitted or crocheted	234	18	276.12	8.4	3.59	7	19.33	12	15
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	151	47	221.97	2.4	1.59	5	11.10	5	7
'64	Footwear, gaiters and the like; parts of such articles	148	30	192.4	2.8	1.89	7	13.47	5	10
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	667	19	793.73	5.2	0.78	5	39.69	10	20
	Total							520.84	210	349

Annex 2: Enhancing Trade Facilitation at the Borders

1. Digitization of Trade Procedures

- One of the key focus areas of trade facilitation is digitization of procedures and lower human intervention. While several initiatives have been undertaken in this regard, there are issues in on-ground implementation.

- Shortcomings in the functionality of the system and technical glitches result in limited use of the system or parallel use of hard copy. For instance, the absence of a shipping line delivery order in customs and terminal systems results in usage of hard copy for cargo movement.

- Further, while the Port Community system has been developed and is upgraded on a regular basis, there is lack of real time connectivity/message exchanges between different stakeholders' systems resulting in delayed cargo clearance as physical hard copies need to be submitted. The PCS must bring together traders, CHAs, CFSs, and terminals.

- It has also been observed that many a times, documents are not shared on PCS, and alternatively they are shared over e-mail. To address the inefficiencies within the system, it is crucial to undertake complete integration of PCS and ICEGATE.

- There is a need to develop a secure digitization format for sharing FTA documents and Certificates of Origin. There is a need to think long term and develop systems with partner countries.

- Currently, only 6 Partner Government Agencies (PGAs) are linked with SWIFT and there is a need to enhance the participation of PGAs on the portal. Further, those PGAs which are already onboarded need to be made more efficient at backend and their procedures need to be streamlined across ports.

- Each PGA must be present digitally and the traders must be able to view the status of application and receive NOCs via the online system.

- Digitization must be undertaken in the realm of Post Clearance Audit and Amendment of Bill of Entry as well. Also the other letters/notices/SCNs issued to the imports/exporters and their responses should be digitized for better tracking.

2. Standardization of Customs Regulations across Ports

- There is a need to undertake standardization of customs procedures across various ports and regions to reduce the dwell time and transaction cost for the industry.

- It has been observed that currently it is easier to import commodities from one location in comparison to the other and this needs to be rectified.

- While faceless assessment is a step forward in the direction of standardization, there are several teething issues being encountered which need to be fixed.

- In terms of faceless assessment there are glitches in terms of the filing of the Bill of Entry, point of query for resolution, and gaps between ports and custom houses, among others.

- There is a need for a common online portal for issue of circulars pertaining to various ports and locations to ensure standardization.

3. Independent Working of CFSs and Customs work

- Initially Container Freight Stations (CFSs) were initiated as a support system for ports to facilitate unloading and offloading of consignments as well as their clearance.

- There is a need to differentiate and develop policies accordingly for Bonded and Non-Bonded CFSs.

- In accordance with some regulations, the CFSs need to pay cost for 1-2 years even when it is not required.

- In some cases when the cargo is held by Customs for reasons pertaining to fraud, intelligence, and the importer eventually does not come to collect goods, the CFSs have to bear the cost. There is, therefore, a need to develop an appropriate disposal and auction mechanism.

- The issue of double insurance also needs to be looked into.

4. Advance Ruling Mechanism – Implementation of rules notified by CBIC

- Revised Kyoto Convention Standard 9.9 and Trade Facilitation Agreement Article 3 &4 of which pertains to Advance ruling and Appellate Advance Ruling and the Procedures for conducting an appeal and review need to be improvised.

- Necessary changes have been made in Customs Act 1962, Section 28 and thereafter the Customs Notification (NT) was notified with the procedures to be followed in a comprehensive way.

- As per OECD Initial observation, upon TFA implementation a developed country would save 10%[18] of Global Trade Cost and a Developing Country would save 12.5% to 17.5% (Trade cost including Transport, border-related and local distribution cost from foreign consignor to final consumer at the destination country).

- In a recent study on the impact of trade facilitation measures on trade costs, the OECD identified that the advance rulings system was the most impactful single trade facilitation measure. The OECD had identified 12 trade facilitation indicators, which, when applied in total, could potentially lead to a total reduction of trade costs of 10%. For advance rulings alone, the impact on trade cost was estimated to be a reduction of around 5.4%.
- While proper rules and amendments have been made for advance ruling, there are

[18] 1% = 40 Bill US$

still hurdles being faced during the practical implementation of those rules.

- Earlier Advance Ruling did not kick-off well because of non-availability of officers and delays, the trade lost the trust on Article 3 & 4 and the same needs to be reinstated within trade using NCTF and it's working group. By this way, we can save GTC and also avoid litigations to achieve.

- For instance, EU has issued Advance Ruling (BTI – Binding Tariff Information) since 1991 more than a million and only in the year 2018, 250,000 BTI decisions. (BVI and BOI not added) by having an effective mechanism, they have saved 5.4% of their 10% TFA GTC saving – which is 54% by this one Article.

- The best practices being followed by developed countries have been observed and the CAARR (Customs Authority on Advance Ruling) Regulation – 2021 needs to be implemented more aggressively which would contribute in reduction of global trade cost, also to bring certainty in duty liability, reduction in litigation, Transparency to Importers and Exporters, Ease of Doing Business and increase FDI substantially.

5. Authorized Economic Operator Programme – Progress & Way Forward

While India and EU implemented the AEO Programme around the same time (EU 13 years ago and India 10 years ago), EU currently has 7 Mutual Recognition Agreements (MRAs) while India has only 3.

Table 1: Comparative Analysis between India and EU

		India	**EU**
Tier 1	AEO-C	3376	1336
Tier 2	AEO -S	618	13,377
Tier 3	AEO-F	33	12,943
LO		826	
MRA		3	7

Table 2: Customs Cir 33/2016 states OSPCA criterion for conducting AEO

	CUS CIR 33/2016	**CUS INST 2/2021**
TIER 1	OSPCA once in 2 Years	50% of the IEC will be selected for PBA (Premises Based Audit)
TIER 2	OSPCA once in 3 years	33.3% of IEC will be selected for PBA
TIER 3	No OSPCA	20% of IEC will be

Following are the reasons for the same:

- The new Instruction creating concerns in the minds of Importers and Exporters to come forward into the programme.

- When one trusts the Partner (under AEO) they need to intercept only on specific intelligence or to have PBA-PCA as per Cus Cir 33/2016 and T3s should not be audited under PBA.

- PCA allows the department to use Theme Based Audit and Transaction based Audit which is sufficient.

- WCO guidelines on PCA clearly states that PCA is not an enforcement tool, not a means of investigation fraud, not a form of an internal audit, and not designed as a mechanism for controls by Customs. In reality PCA department inherited powers over the jurisdiction and tossing the trade like any other investigation department does – i.e., asking to pay the difference duty or issuing SCN and changing the findings to a long-drawn litigation process and the objective of TFA Article 7.5 is defeated.

- AEO to consider extending all the seven TFM (Trade Facilitation Measures) as it is high time, we need to move ahead to set an example in the region.
  - To extend a comprehensive bond and guarantee system.
  - To use a single declaration for all Imports and exports in each period (to allow filing bulk BoE monthly).
  - Increase deferred duty from14 days to 30 days to reduce administration burden and shorter cycle time.
  - Clearance of goods for T3 at their premises (since they are a full AEO, and the trust established).
  - To create an ecosystem, that everyone should come forward to apply for AEO not out of compulsion, or because of benefits, but for national security.

- With a view to strengthen the AEO Programme, the following key recommendations may be considered:
  - It is often felt that the benefits which are mentioned under the scheme are not very practical in nature / implementation and thus they should be reviewed and notified in consultation with high level committee of Trade Facilitation at the GOI level. Such as:
    - Faster disbursal of drawback amount within 72 hours of EGM submission. Presently, firms are challenges for Petrapole (INPTPB) and Ranaghat Railway Station (INRNG2) ports, even scrolls are generated, to credit drawback amount in the companies' banks but it takes 2-3 months.
    - Faster processing of Refund/Rebate of Customs/GST/Excise/Service Tax within 45 days of the submission of complete documents, must be ensured.

  - Scheme's benefits need to be periodically reviewed for their relevance in the current scenarios and should be updated / removed accordingly.

  - Deferred Duty payment should change from 14 days to 30 days.

  - Need to have comprehensive and one consolidated bond and bank guarantee instead of different requirements.

- Need to increase MRAs using Blockchain (Similar to the recent MRA, between USA and UK)

- Post pandemic, approach of Customs officer should change and engage/ partner more with AEOs.

- The process of being an AEO should be completely digitized. Progress report and milestone wise report (to inspect those who have applied to become an AEO) should be uploaded and updated online. This shall bring in the transparency.

- The trade must be encouraged to come on board and adopt the scheme, especially, MSMEs.

- It was promised that importers especially AEOs will have access /can get their EXIM data from ICEGATE. This is still not made available to Importers, resulting in lot of data entry, reconciliation, and extra cost. CBIC to make pilot of this with selected AEOs to implement and make this data available. After successful pilot, the same can be implemented to all.

6. Making Late Submission Fees Norms More Industry Friendly

As per CBIC Circular no. 08/2021 and Notification no.34/2021 (NT) there is requirement of timely submission before arrival. The following amendments may be made to section 46 (3) in terms of late submission fees:

- List of Exception countries to be reviewed and Countries like Singapore, UAE, etc. needs to be kept in exception.

- Time limit of advance filing is specified as "BE before the end of the day (including holidays) preceding the day of arrival" to be amended as "Before Arrival".

- Filing inward date by airlines/ shipping lines should be after segregation of cargo and flight checking should be captured on real time basis i.e., actual time when the officer enters the data into Custom EDI System. At present the inward dates are filed at least 8-24 hours after arrival whereas the landing date and time is entered while making the data entry. This does not reflect the correct position and real time date is not capture leading to penalty.

- Waiver of late submission fee on account of reasons beyond control should be carried out on online basis on time bound manner by Customs.

- The term "Including Holidays" mandates the Customs Broker's/Importers to work relentlessly for 24 x 7 (365 Days) without taking holidays on Sundays, Festivals and National Holidays, where Customs/Other Government Offices / Banks are closed during Saturdays, Sundays, Festivals, National Holidays. It is suggested to amend the term "Including Holidays" as "Excluding Holidays".

7. Voluntary Payment of Customs duty

According to provision of Section 28 (I) & (II) of Customs Act regarding voluntary payment of differential Custom duty with interest in case importer found some genuine mistake (before query or audit finding or Consultative letter, SCN) and wishes to make differential payment of customs duty the trader has to follow long tedious process and is subjected to discretion of officer. This takes considerable time thus depriving the Custom department of its revenue and affects genuine importers. The following recommendations may be implemented in this aspect:

- Online e-payment module for voluntary payment may be created on portal wherein the importer can complete the process of payment of differential duty online and inform the relevant Officer.

- Such module for e-payment on ICEGATE portal should also be made effective for recovery of custom duty and interest for cases where an importer is agreeing to pay as per post clearance audit query. Such portal should be linked to GST so that due ITC of the IGST amount can be claimed by the importer paid through manual challan in line with the GST provisions.

8. Redressal Mechanism for Speaking Order Including Time limit

Section 17 (5) states that the Officer shall pass a speaking order on reassessment, within 15 days from the date of reassessment. It is observed that at ground level time limits are not being adhered to, thus leading to difficulties for trade in exercising their legal right to proceed further. The following recommendations may be considered in this regard:

- Online or suitable mechanism for trade and industry to ensure speaking order is issued as per time limit as per Section 17(5) of Customs Act, 1962 may be devised.
- Review should be carried out by senior customs officials in case officers repeatedly delays speaking orders.

9. Addressing Delays in Refund Process

To reduce litigation and make refund process smooth when there is no dispute between department and importer, the following refunds may be processed without requirement of filing appeal with Commissioner Appeals:

- Double duty payment due to Customs EDI system error
- Refund duty deposited/ EDD
- Excess payment of duty due to error
- Refund arising out of the bonafide clerical error
- Short shipment and part shipment

10. Improving Faceless Assessment Mechanism

Under the TURANT program launched by CBIC in September 2019, assessing officers now have access to a fully automated queue of Bills of Entry ready for the grant of clearance. In addition, CBIC has started the process of ‘Faceless Assessment’ in November 2019 on a pilot basis, whereby BoE (Bill of Entry) /Shipping Bill (SB) are routed to an officer who is not necessarily deployed in the port of entry/exit field formation. The assessment would not place in a completely virtual manner. The following measures may be undertaken to improve faceless assessment:

- While this is welcome, an additional step towards complete transparency would be to ensure that the officer conducting the scrutiny of entry do not have access to information on who the broker and Importer/Exporter is, that is, complete anonymity. Since, some of the supporting documents filed along with BoE or SB would have information on consignee/consignor (IEC holder details), some technology/declaration solution for this could be found by leveraging on advanced levels of application technology wherein the application anonymizes certain data fields in an uploaded document.

  The rationale behind having anonymity in an environment where all assessments where being undertaken by officers in the field formation where goods were being exported/imported from was valid as some form of 'human intelligence' based on local experience of brokers and importers were often applied by officers to make discretionary decisions to safeguard revenue and other important sovereign interests. However, now that the transition is towards routing the assessment work to any available officer, that is not necessarily one in the field formation where the actual export/import transaction is physically being processed, this rationale is far less applicable, and therefore anonymity of IEC holder and broker should cause little cause for concern.

- Amendment process needs to be simplified with timelines.

- Location-wise pendency dashboard should be made available on ICEGATE.

- CBIC website may be modified to include redressal page with monitoring and escalation.

- More effective use and empowerment of Nodal Officer to monitor and facilitate the trade, especially in timelines.

- Departmental guidance may be given not to put unnecessary queries in the examination order by the assessing officers and necessary instruction to be given to assessing officers to clarify their doubts while assessing a bill of entry.

11. Modify RMS to Record/Reflect Actions of Field Officers

- The time taken for removal of goods from factory to final exports has not compressed over the years as industry has to factor unpredictability if the goods would be selected for examination. If selected, the process takes additional 2-3 days extra. As a result, exporters add a cushion of the mentioned time period in each shipment because the probability cannot be worked out.

- Further, there is enormous negative intervention at the field level. Customs field authorities are legally or otherwise vested with enormous powers to raise irrelevant queries with no accountability. At many ports, particularly at small ones including hinterland, officers randomly ask Custom House Agents (CHAs) to open the consignment. Customs has not yet, introduced a serial number based physical examination system mandating that unless the same is given to exporters/importers or his agent as a formal alert through Customs EDI, consignment will not be allowed to be opened by their field officers. Once a serial number has been issued, the relevant officer would have to follow through with an electronic report of the results of the physical examination which would also be made available electronically to the importer and his agent. Further, inspections must be carried out using field cameras.

- Percentage of shipments undergoing physical examination is still very high. While officially Risk Management System (RMS) cleared shipments are not physically inspected customs officers might still require a 'physical check' for a variety of reasons. For instance, for checking marks, numbers of packages, and container ID/No. If all and more such incidents for which a physical presence of officer is required on the field-terminal container yard, CFS, ICD yard etc. are put together, the proportion of cases where customs officials' physical presence for some form of check or inspection is required rises up to 40-50% in many ports/airports, for both exports and imports. This results in delays as it involves identification/deployment of officer who then physically travels to where the goods are being held, use of discretion as once there, there is no guaranteeing what documents or even physical inspection the officer might want to do, and rent-seeking.

- Customs use a sophisticated RMS, however many times, customs officers have reasons to reject RMS recommendations and undertake inspection of the goods. The basis of decision making must be entered into the system and be made available under RTI with adequate anonymisation of individual shipments and their consignees, along with figures indicating to what extent in percentage terms the over-ride led to an actual finding of non-compliance. Customs may use this data for developing analytics tools that will further reduce RMS over-ride by establishing guidelines for officers with reference to such decisions.

- The Indian RMS must be made more robust by using data analytics to develop greater and more precise feedback loops. For instance, it has been observed that the same ITC-HS product from same origin is subjected to high interception despite no cases of non-compliance emerging out of such interceptions. This points to a sub-optimal feedback loop.

- Some form of independent assessment of RMS interceptions and the feedback loop mechanism, keeping in mind the sensitivity of the issue, needs to be put in place, with reporting on a regular basis to a high-level committee, perhaps the National Trade Facilitation Committee (NTFC), on at least a bi-annual basis. Trade should be encouraged to report their concerns about RMS, indicating specific ports and product lines, but without having to report specific cases which could potentially expose the individual exporter/importer or their agents to harassment.

- Further, in considerable cases of Risk Management System bill of entries, the orders given by assessment officers leads to forwarding the bill of entries to group and the bill of entries turns around for 10 to 15 days for clearance. It is suggested to give Departmental Guidance not to put unnecessary queries in the examination order by the assessing officers.

12. Introduce RMS for Incentive Shipping Bills

Currently, the authorized officer has to formally individually check and clear Drawback, EPCG, and other 'Incentives Related' Shipping Bills. On average, authorized officers in major gateways have to process 400-500 such bills per day. This leads to overload of work. It leads to errors and delays in processing, which in turn results in payments being held up, and it impacts the cash flow for exporters. For many SME exporters, this cash challenge is critical, as well as additional credit and processing fees required to meet their cash flow requirements arising from delayed processing can substantially reduce their overall margin of profit. This process must therefore be expedited.

13. Increase Reliance on Post Clearance Audit (PCA)

Globally, customs departments are moving towards an eco-system where majority of the processing of information, assessment, and decision making is undertaken either prior to arrival of goods at the port of entry/exit, or after the goods have left customs jurisdiction, that is by means of Post Clearance Audit (PCA). Even in India, with advance filing of entry and new manifest regulations enabling risk assessment well in advance of goods arriving in customs jurisdiction, as well as the roll-out of processes such as Direct Port Entry (DPE) and Direct Port Delivery (DPD), processing at the port has reduced significantly. Additional facilitation in the form of deferred payment of duty to certain categories of Authorized Economic Operators (AEOs), processing at port has further reduced.

However, there is scope for improvement, and many of the assessment/valuation/verification processes that are still being done after the goods have entered customs jurisdiction at the port can easily become more reliant on PCA being undertaken on the risk weighted randomized identification of entities who will be subjected to such PCAs. For instance, selection of drawback bills for scrutiny need not hold up exports. It can be moved to PCAs with adequate structures in place to ensure that the system is not abused.

14. Create Valuation/ Assessment Centers of Excellence

There are genuine challenges for valuation and classification of goods, in rapidly technology driven value-chains where product variety, and range of quality as well as feature driven differential pricing for products is increasing. Thus, speedy, and efficient valuation and classification requires domain experts who specialize in a range of particular products. The current system relies on individual customs officers who are generalists to undertake this task.

This leads to delays in clearance, unnecessary buildup of disputes between trade and customs, legal wrangles that adds layers of cost for both trade and customs administration, and the over-reliance on brokers who manage this system. A large percentage of the rent-seeking activities in customs are related to such issues. In some cases, specific ports are identified where trade can get friendly valuation and classification for an additional fee per Twenty-Foot Equivalent Unit (TEU) or consignment.

Customs has taken the way forward in the system of faceless assessment to route BoE (and eventually SBs) to domain expert Customs officers wherever they might be found. However, there is need to rapidly upgrade this program of 'Virtual Centers of Excellence'.

A deadline should be set to have Virtual Centers of Excellence for the key sectors of interest (Automobiles, Pharmaceuticals, Chemicals, Textiles, Electronics, Heavy Machinery, Machine Tools, Leather, and Processed Food). Each such Virtual Center would include adequate numbers of officers who will handle all Bills of Entry/ Shipping Bills associated with that specific centre. A special program for continuous training and development for each of these Centers of Excellence would be created, with experts from industry belonging to that sector being roped in as trainers. Trade facilitation and risk systems management experts would also be looped in.

These Centers of Excellence would also handle all Advance Ruling related work specific to their sector and set global benchmark target for turnaround on Advance Rulings. Going forward, the Centers of Excellence would also support inward and outward processing related to their sectors and set global benchmarks for this as well. This reform measure will signal India's commitment to inviting lead players in Global Value Chains (GVCs).

15. Make Past Tribunal Decisions Available Online

Importers and exporters can appeal to the tribunals against the decisions of the Customs on issues like valuation, classification, or penalties. Though tribunal orders are public documents, these are not available in an online searchable database. Availability of earlier decisions through a searchable database would allow trade to get transparent and uniform understanding of precedence and help them in making informed decisions. Further, it would also potentially ensure that tribunals themselves adhere to existing precedence to a greater degree and thereby reduce the time for decision making.

16. Use Standard Codes for Duty Drawback Scheme

Government has adopted the eight-digit ITC (HS) Codes for exports-imports. However, the drawback scheme, the largest indirect tax refund scheme, uses only the first four digits of the ITC (HS) Codes. For the next digits, it uses its own product codes and description. This forces exporters to use two different codes for the same product and makes the procedure cumbersome. The authorities must undertake measures to ensure uniformity.

17. Separate Chapter Sub-Heading for Transformer Oil

All the Bill of Entries filed under Chapter 2710 by default undergoes the verification process as specified in Transformer Oil Notification No.190/78 and recalling the Bill of Entries for deletion under Transformer Oil Notification No.190/78 is time consuming and delays the overall clearances. It is suggested to notify separate chapter sub-heading for transformer oil, so that recalling of bill of entry for other products falling under 2710 may be avoided.

18. Removing Restrictions in New ICD Policy

A new policy on setting up of ICD/CFS infrastructure has been issued by CBIC vide circular no. 50/2020 as document no. F. No. 394/29/2020-Cus (AS) dated 05/11/2020. We feel that this document which lays down policy and guidelines for setting up of Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Air Freight Stations (AFSs) will work against the interest of trade as well as act as a detriment to attracting private investment in the development of trade related infrastructure in the form of ICD/CFS facilities.

Key concerns that need to be addressed:

- Some of the terms in the policy related to the restriction on location of ICDs, and the permissibility for development based on 100 km distance gaps etc. will have a strong negative impact in perpetuating the monopoly of existing operators where facilities have already been developed. The policy will also prevent competition from coming up in new locations once the first facility has been permitted in a particular location. By contrast, it has been the experience of trade that wherever competing facilities have developed in markets, this has resulted not only in reduction in the cost of logistics for the trade, but also in improving customer service levels brought about by healthy market competition.

- Second, the Policy has also not kept pace with the developments in the larger logistics sector. An ICD is now just an element, albeit a critical one, of a larger infrastructure play in Multi-modal logistics parks, where EXIM cargo is just one of the many elements of revenue. By making it more difficult to develop such facilities with all sorts of location and bureaucratic restrictions the entire process of development of such MMLPs will get negatively impacted. An MMLP without an ICD facility will lack a crucial service element, and thereby be unable to attract trade and traffic development in the area. In other words, by restricting the development of ICDs, the Policy actually negates the Government's own vision of improving Logistics Infrastructure in India, and specially in its focus on MMLPs.

- Next, an ICD can help a manufacturer go global from local and this opportunity can come to him only if he has such a facility closer to production areas. To help the manufacturer to compete in global markets the market needs to provide efficient and economical logistics services. By setting up an ICD, a private investor is promoting this exercise at his own risk and cost, and for this he must be encouraged/incentivised. Instead the new policy seeks to achieve exactly the opposite. As the economy strives to move toward Atmanirbhar Bharat, it cannot be on the back of increased government regulation, more bureaucracy, and more subjective power in the hands of officials without suitable accountability. The policy in its current form will increase red tape and corruption, and it will discourage the inflow of FDI as well as Indian capital in the ICD Space.

- Finally, some other features of the policy that will likely discourage suitable investment in infrastructure and can be market disruptive in nature include:

    - A fixed time frame for the IMC which grants approvals, to convene only twice year. This can have a significantly negative impact in terms of project delays and cost overruns.

    - The feasibility is to be determined by a government official (jurisdictional commissioner), who is not really a stakeholder in the process. Feasibility should be left to be determined in the market, with the role of the state to be a facilitator rather than a regulator/licensor.

- Over-regulation on facility space, design, capacity etc. will only lead to escalation of project costs. Investors are best suited to assess market realities, as it is they who bear market risk. Determining the size and scale of operations should be based on market conditions, with the government only providing basic minimum specifications on service quality or availability specifically defined and benchmarked against global norms.

- Requiring possession of land with all clearances prior to seeking approval which is not automatic in nature is also unrealistic if the objective is to attract private investment. No investor can take the risk of land acquisitions prior to being at least reasonably sure of executing the project, except if such an developer is the government itself. If this is the case, the sector further faces the risk of all future ICD infrastructure coming up only as government sponsored, which will likely come in at higher cost, and lower efficiency leading to disadvantage for the trade.

- The policy will actually work against the interest of trade by forcing exporters to pick up empty containers from far flung ICDs which greatly adds to their cost of doing business.

19. Policy for Exemption of Customs Cost Recovery Charges Toward the Deployment of Customs Staff at ICDs/CFSs

- At present, the ICD owner has to apply for exemption from payment of cost recovery charges at the end of the financial year in which the criterion for exemption is met. It is suggested that exemption should be automatically processed in the month when the criteria is met, and not wait for the full year to complete.

- Information required in the application for exemption to be submitted by custodian is not provided in the policy. Whereas in case of deficiency in application the Commissionerate can issue the deficiency memo to custodian. The Custodian should not be required to apply for exemption from Payment of Cost Recovery Charges. CBIC should automatically exempt the custodian from the Payment of Cost Recover Charges on meeting the above criteria provided there is no pending payment of past months. The data required with respect to volume & documents handled by an ICD/CFS is available with CBIC itself.

- After the application of for exemption from Payment of Cost Recover Charges; the Cost Recover Charges will be payable by custodian for 3 more months (maximum) from the date of application. There should not be any further requirement for payment of cost recovery charges once the eligibility criteria for cost recovery charge waiver have been met.

20. Eliminate one time seal provided by the Streamer Agent at Export

In India, all export containers moving out of the country are generally sealed by one time lock provided by the Streamer Agent. As Indian Customs have introduced/implemented E-seal approved through authorized vendor and it is justifiably implemented and monitored by CBIC. Hence, one time lock provided by the Streamer Agent may be replaced by the E-seal introduced by the Customs. It saves the transaction cost to the exporter, since the streamer agent is charging 10 -15 Dollars per seal. In future the export data can be shared by the Indian CBIC to other countries Customs. All Import Containers arriving in India have only one time bottle seal provided by the exporting country and there are no two seals.

21. E-Seal for Import Container

Now all import containers are having OTL one time bottle seal. At the time of unloading from vessel all containers are checked for the seal numbers and seal intactness. Also, at the time gate out from terminal again the containers are checked for the seal intactness. Again, at the time of entry into the CFS and ICD the custodian checks the seal. All import containers should have E-seal like export container, for saving time and cost.

22. Electronic Gate (E-GATE)

Automation of all gates of the ports across India must be undertaken to enable e-exit of containers allowing to pass without checking of physical hard copy for exports.

23. Unloading of Export Cargo Before Filing of Shipping Bills

Export cargoes are accepted only after filing of shipping bill. There are considerable delays in unloading of cargo at Port/CFS/ICD due to non-filing of shipping bills. To save time all AEO Exporters may be permitted to offload cargo without insisting on shipping bill, based on the e-way bill copy. It will facilitate the considerable reduction in the transport charges paid to transporter towards detention charges.

24. E-Gate for Exports-Delay in Entry of Export Container Trailer

In all the major ports the import containers are moved from port gate to outside factory or CFS/ICD which takes only 1-1/2 hrs for covering 20 kilometres distance. However, in the case of exports for the same 20 kilometres minimum time taken is 8 to 24 hours, depending upon the peak hour traffic. To facilitate the faster movement of container, automation of gate must be done, and physical checking of documents should be avoided.

25. Single Document for Entry to Port

Presently for export cargo, there is a need for 3 important documents, needed for entry of trade insisted by different agencies including port pass for truck trailer and driver issued by port trust checking done at entry gate, Shipping Bill by Customs giving pass for shipment at the gate and checking intactness of e-seal by reader, and form -13 issued by terminal operator checking which is done at the gate.

It is proposed to simplify and issue a single consolidated document to certify that all the three different documents are incorporated into one and allow to entry without physical checking of hard copy.

26. Fast Track Route for AEO Exporters

To connect the vessels, all AEO T2 &T3 Exporters Tracks and cargo Trucks, may be allowed under fast-track Road to reach the port gate without delay.

27. Provision to handle Coastal cargo(domestic) within ICD/ CFS premises

Presently ICDs and CFSs are only permitted to handle EXIM cargo for Customs clearance and onward movement to gateway port/ LCS. ICDs and CFS possess necessary infrastructure to handle coastal cargo in an efficient and systematic manner. Moreover, with the advent of DPD and DPE policies, various facilities across the nation remain under-utilized. Indian Customs may issue guidelines for marking an exclusive area within ICD/ CFS premises for handling coastal cargo. This approach will increase the efficiency and lower logistics cost of coastal cargo handling substantially. This is also in line with allowing all terminals to handle both EXIM as well as domestic cargoes.

28. Manufacturing permission at Public Bonded Warehouse Under Section 57

The Government's trade friendly initiatives of permitting labelling and packaging operations of cargo stored at public warehouse has eased the operational procedures. Furthermore, CBIC may also allow Public Warehouses to sublet the facility to manufacturers to execute manufacturing operations. This would ease both the manufacturing process as the required infrastructure which are already available at such facilities and the process of direct export would reduce compliance substantially.

29. Availability of Containers for Exporters

One of the key issues facing the exporters is shortages of containers at ports because of which there are bottlenecks pertaining to inventory supply, blank sailing, and port congestion. Previously, booking of all the shipping liners vessels was available every week, but currently due to shortages of containers, most of the liners are taking booking only once in 15 days. The industry also needs to move their shipments to farther ports which leads to extra cost burden. Further, the focus is on general cargo and as a result, shipment of all other products is suffering especially, agricultural, and non-agricultural products. In terms of destinations, priority is being given to premium countries and nearest transit destinations like Indonesia, Vietnam, Myanmar etc. are being avoided, leading to increased transit and berthing time for exports to these countries.

As a transcending effect, exporters have to pay more in freight charges as the maritime supply-chain is stressed because of rising international demand and a shortage of containers. The freight charges are unstable, and liners are increasing the cost in regular intervals. There is almost 20% to 30% increase in freight cost after COVID-19 pandemic as per the industry feedback. As a result, exporters are not able to compete in the global market due to increased freight cost and adhere to their commitment given to the international customers which leads to delay in delivery/cancellation of orders. Following are some suggestions which may ease the difficulties being faced by the industry in this regard:

- There is a need to establish a regulatory authority to monitor the terms and conditions as well as other provisions to deal with the growing demand. This authority must ensure that the shipping companies do not skip their scheduled sailings and if such skipping happens, they should not be given priority for increase in schedules in the future.

- The authorities must enhance container manufacturing. The nation has a lot of shipyards which have the space and technology to build the containers in a very short time. Therefore, the government may consider designating shipyards to start manufacturing containers, that would be helpful in accelerating the process.

- The manufacturing technology for containers is not new to India, however, the steel required for the same needs to be made available readily as the nation has never manufactured this kind of steel. Some manufacturing orders are being processed as a pilot and these need to be reviewed to test the feasibility of attaining the economy of scale.

- Increased digitisation of shipping services and improved communication between supply chain partners will also help in resolving the issue.

- A digital platform/portal may be developed which brings together all shipping lines and displays the freight rates as well as container vessel status on a real time basis. This could be made available to all industry members to enhance transparency, especially, MSMEs.

- The relevant government officials may take up this matter through international trade bodies and the large shipping lines must be made aware of the matter. Further, efforts must be made in avoiding of blanking of sailings and controlling further increase in freight rates.

- Shipping companies must ensure that Indian exports are not affected during the upcoming Christmas season, on account of container shortage and blanking of sailings.

- A dialogue must be facilitated between the shipping companies and exporters with the objective that shipping companies come forward and agree for short- and medium-term contracts with exporters. The traders in turn will assure volumes.

- The shipping companies may be asked to allocate more vessels and containers to India to meet the increase in merchandise exports.

- The freight subsidies should be treated as an interim measure, as Indian exports are at their peak and the momentum must be maintained.

- The availability and movement of shipments for exports to USA and South American countries specially to the ports of Miami, Seattle, Newark, Panama City, Valparaiso, Puerto Acajutla, Puerto Quetzal, San Juan, and Buenaventura, must be looked into.

- The shipment days must be brought down.

30. Miscellaneous Matters

- Currently there is more than one platform for trade related procedures under CBIC such as ICEGATE, ECCS amongst other. For seamless experience, there should be a single platform which encapsules the relevant information and processes.

- The process of filling bills of entry should be made fully digital.

- Mandate the timeline for Custom EDI system to 24 hours for attending and complete assessment.

- International best practices of countries like EU may be adopted for cargo clearance wherein the consignments are cleared even before it arrives or is at the port and moves as domestic cargo without all the required inspection and other regulations that customs tend to follow.

- Currently for the Import containers, there is just one seal, however, for Export containers, two seals are required. The requirement of the additional seal should go away to help save exporter's cost.

- Advanced technologies such as electronics seals and e-gate should be introduced for reducing the transaction cost and dwell time.

- Enable members to download data from ICEGATE.

- To bring uniformity to trade and industry and as measure of standardization we request that SEZ clearance should be also brought on ICES / ICEGATE platform.

- Companies who wish to use their customs brokers in courier mode should be allowed.

- The Bank Guarantee submitted by the Importers since October 2020 for FTA verification on CAROTAR Rules at various Port Customs are not cancelled by the respective Port Customs. The same has been addressed to Customs officials and respective Port Customs Officials specifying that the verification is pending with CBIC. A time frame maybe suggested for cancelling the Bank Guarantees.

- Applicability of Job Work amendment introduced through the Customs (Import of Goods at Concessional Rate of Duty) Amendment Rules, 2021 to SEZ/EOU units to import raw materials for packing material and to do job work outside the SEZ/EOU units need to be clarified.

- Shipping bills approved by the SEZ are not reflecting immediately in the RBI portal due to manual submission of shipping bills in SEZ, this leads to delay in documentation processing through banks. Due to delay in documentation process by the banks, many LC and DA shipment consignment are not processed through SEZ since the importer are required to pay additional demurrage charges at the landing port.

- Sabka Vishwas – (Legacy Dispute Resolution) Scheme, 2019 for Central Excise and Service Tax announced during September, 2019 and Vivad Se Vishwas Scheme for Income Tax are highly successful and it has reduced long pending legal cases in different levels like Commissioner Appeal, Tax Tribunal, High Court and Supreme Court. On these lines, for Customs may also introduce a Samadhana Scheme.

- Timely physical examination of export goods is not happening as Customs officer responsible for physical examination are not staying beyond 5 PM. Due to this, exporters are running the risk of examination not done on time, even in cases where the vessel is due to leave the same night.

- Since limited staff (Port authority staff/ CFS Driver) are allowed due to COVID-19, considerable delay is being experienced in movement of consignment from Port to CFS.

- With reference to clearance of part shipments, currently, customs broker has to approach EDI for linking the IGM to BoE, thereby increasing dwell time and, especially in Air mode the delay in clearance and incurrence of demurrage has been observed. Automatic linking of IGM with part shipment Bills of Entry, may be undertaken.

- For Special Import License/Bond, genuineness of the Authorization is questioned by Department and Importers are being asked to get the same Certified by DGFT which takes much time and delays the clearance and thereby incurring demurrage and detention. The facility to Department for verifying the genuineness of the Authorization directly from DGFT website online may be provided.

- There is a need for upgradation of knowledge of staff manning the ICEGATE Helpdesk with additional facilities to have access to systems for quick resolutions.

- Debits under bonds should be made automatic through a Common Portal.

- Custom officers who are quarantined may be enabled to work from home to facilitate assessment and reduce load of clearance activity. Considering the fact there could be a 3rd wave, urgent changes the customs process may be recalibrated so that ICES 1.5 and ECCS clearance related activity can be performed by Customs officers and PGAs from home.

- The IDPMS /EDPMS status must be made visible to Importer & Exporters on a real-time basis, which would enable them to plan the closure promptly and manage their activity better.

- With reference to duty paid on Manual Challan basis in cases of Demand of Differential Duty, the importer has to pay the duty twice and then go for subsequent refund, which is time consuming. Such duties should be appropriated against Manual Challan which is paid in advance before the re-assessment through ICEGATE. Alternatively, there should be defined timelines for Re-assessment of such BoEs so that Interest liability can be arrested, and importer is not penalized and overburdened by additional interest due to delay in re-assessments.

- All physical inspection must happen under CCTV recording in designated inspection zones and the record must be retained for adequate time and be made accessible to the consignee/consignor and their agent. All terminal operators/ICDs/CFS must be mandated to develop facilities sufficient to support this.

- Presently 5 documents can be submitted in E-SANCHIT in one go while submitting BoE. This limit needs to be increased.

- Tracking and processing of refund claims should be online, and submission of documents be routed through E-SANCHIT, so that submissions are not misplaced.

- Online tracking of amendment/re-assessment of BoE for which online access should be available to importer.

- The General Data Protection Regulation (GDPR) KYC process must be done in government website rather than every logistics service provider collecting KYC.

- Currently, there is delay in generating IGST and drawback scrolls lead to further delay in getting IGST and drawback refunds to exporters. There should be a periodicity laid down of such scrolls to enable timely refunds. Also, the list of scrolls generated by customs may be placed on the notice boards of respective ICDs to bring in transparency.

- A provision is made to enable the customs officers to access their logins so that they can clear cargo which is under RMS without a need to be physically present at the location even after office hours on need basis.

- Introduce a program on voluntary disclosure which will encourage Exporter /Importer / Service provider to declare fearlessly unintentional errors and omissions if any.

- With a view to deal with a COVID-19 like situation in future the custom passes issued by Customs to Custom Broker should be marked with Essential Services as per ESMA Act.

Annex 3: Country-Product List

Data on the following variables, required for the construction of the ES index have been sourced from ITC at the HS 6-digit level, for the latest available year i.e. 2018 for each of the partner countries.

(i) India’s exports to world
(ii) Partner countries’ imports from world
(iii) India’s total exports and
(iv) Partner countries’ total imports

For example, in the case of France, data on following variables are collected.

(i) India’s exports to world
(ii) France’s imports from world
(iii) India’s total exports and
(iv) France’s total imports

After collecting data on the variables above, products for which France’s world imports and India’s world exports exceed US$ 250 million are identified, while rest are excluded. This is done to ensure that there is substantial demand for the product in the partner country (France) as well as adequate production capability in the exporting country (India).

In the next step, the ES index is calculated for all the remaining products. All products for which the value of the index is less than 1 are excluded, as an index value less than 1 indicates a comparative disadvantage of the product in the market.

At the end of the exercise, a total of 64 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in the specific market.

To make the results even more precise, an additional filter is applied to the remaining products for identifying the final list of potential exports, wherein only those potential exports products are considered for which French imports are greater than US$ 500 million. This leads to a total of 42 products which are considered as high potential exports.

The final products are sorted as per France’s import values (see Table 1)

The ES index is employed, and the same exercise is carried for rest of the countries with slight variations in export and import filters depending on the country’s export and import values.

Table 1: India's Potential Exports to France

Code	Product label	India's exports to world (US$ billion) 2018	France's imports from world (US$ billion) 2018	ES Index
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.00	20.86	3.13
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.74	11.58	1.90
841112	Turbojets of a thrust > 25 kN	3.17	5.81	1.12
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.76	4.83	1.17
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	11.57	4.48	5.28
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.74	2.39	12.63
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.79	1.57	2.32
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.88	1.16	1.56
740311	Copper, refined, in the form of cathodes and sections of cathodes	0.86	1.09	1.61
300220	Vaccines for human medicine	0.67	1.08	1.26
760120	Unwrought aluminium alloys	0.73	1.05	1.41
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.24	1.01	49.24
853890	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	0.48	0.96	1.01
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.79	0.91	1.78
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	0.89	1.54
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.47	0.83	1.15
293339	Heterocyclic compounds with nitrogen hetero atom[s] only, containing an unfused pyridine ring, ...	0.53	0.82	1.32

380893	Herbicides, anti-sprouting products and plant-growth regulators (excluding goods of subheading ...	0.89	0.82	2.22
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.35	0.80	11.09
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.53	0.76	1.42
390210	Polypropylene, in primary forms	0.86	0.71	2.48
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.84	0.71	2.43
294190	Antibiotics (excluding penicillin's and their derivatives with a penicillanic acid structure, ...	0.53	0.70	1.54
380892	Fungicides (excluding goods of subheading 3808.50)	0.59	0.69	1.74
841391	Parts of pumps for liquids, n.e.s.	0.36	0.68	1.08
090111	Coffee (excluding roasted and decaffeinated)	0.52	0.60	1.76
390761	Polyethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.05	0.59	3.61
841490	Parts of air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.34	0.59	1.17
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.61	0.57	2.20
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.58	0.56	2.12
620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.54	3.00
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.00	0.53	3.86
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.48	0.53	1.83
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.49	0.52	1.93
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	0.89	0.51	3.57
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	0.47	1.81
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.57	0.47	2.48
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.43	0.47	1.88
392020	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, ...	0.29	0.47	1.27

611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.64	0.46	2.84
281820	Aluminium oxide (excluding artificial corundum)	0.69	0.40	3.53
293399	Heterocyclic compounds with nitrogen hetero atom[s] only (excluding those containing an unfused ...	0.77	0.39	4.02
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	6.88	0.38	36.54
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.48	0.38	2.56
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.83	0.37	4.52
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	0.40	0.37	2.19
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.34	0.36	1.90
760110	Aluminium, not alloyed, unwrought	3.05	0.36	17.26
710391	Rubies, sapphires and emeralds, worked, whether or not graded, but not strung, mounted or set, ...	0.25	0.36	1.45
380891	Insecticides (excluding goods of subheading 3808.50)	0.95	0.35	5.51
730630	Tubes, pipes and hollow profiles, welded, of circular cross-section, of iron or non-alloy steel ...	0.26	0.34	1.53
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.44	0.33	2.70
020230	Frozen, boneless meat of bovine animals	3.32	0.33	20.58
871410	Parts and accessories of motorcycles, incl. mopeds, n.e.s.	0.33	0.33	2.08
640351	Footwear with outer soles and uppers of leather, covering the ankle (excluding incorporating ...	0.47	0.30	3.19
720851	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, not in coils, simply ...	0.25	0.30	1.73
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	0.29	0.27	2.15
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	0.49	0.27	3.65
401170	New pneumatic tyres, of rubber, of a kind used on agricultural or forestry vehicles and machines	0.69	0.27	5.29
621143	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0.61	0.27	4.65
392329	Sacks and bags, incl. cones, of plastics (excluding those of polymers of ethylene)	0.34	0.26	2.66

620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	0.57	0.26	4.42
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	0.82	0.26	6.45

Source: CII calculations based on International Trade Centre data

Table 2: India's Potential Exports to Germany

HS Code	Product label	India's Exports to World (US$ billion)	Germany's Imports from World (US$ billion)	ES Index
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.74	25.04	1.71
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.00	17.42	7.32
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.76	6.74	1.63
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.74	6.64	8.84
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.53	5.32	1.15
841112	Turbojets of a thrust > 25 kN	3.17	4.98	2.54
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.79	2.81	2.54
760110	Aluminium, not alloyed, unwrought	3.05	1.82	6.66
711890	Coin of legal tender	0.84	1.80	1.85
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	0.89	1.78	1.98
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.79	1.77	1.78
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	1.59	1.05
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	1.58	1.69
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.47	1.58	1.18
390210	Polypropylene, in primary forms	0.86	1.52	2.26
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.84	1.38	2.43
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.49	1.31	1.50

848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.43	1.25	1.37
300220	Vaccines for human medicine	0.67	1.19	2.24
392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...	0.30	1.16	1.04
841490	Parts of : air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.34	1.09	1.23
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.48	1.06	1.79
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.88	1.04	3.40
620520	Mens or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.99	3.18
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	11.57	0.98	46.92
620640	Women's or girls blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.58	0.98	2.35
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.34	0.95	1.40
870422	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	0.36	0.90	1.59
294190	Antibiotics (excluding penicillins and their derivatives with a penicillanic acid structure, ...	0.53	0.89	2.37
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	0.70	0.87	3.23
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	0.53	0.75	2.81
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	0.82	0.74	4.46
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.61	0.73	3.33
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.77	0.69	4.47
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.44	0.68	2.59
722220	Other bars and rods of stainless steel, not further worked than cold-formed or cold-finished	0.48	0.67	2.85
380892	Fungicides (excluding goods of subheading 3808.50)	0.59	0.64	3.64
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.57	0.64	3.57
871410	Parts and accessories of motorcycles, incl. mopeds, n.e.s.	0.33	0.60	2.19

420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.41	0.59	2.76
380893	Herbicides, anti-sprouting products and plant-growth regulators (excluding goods of subheading ...	0.89	0.57	6.22
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.53	0.55	3.80
320417	Synthetic organic pigments; preparations based on synthetic organic pigments of a kind used ...	0.71	0.52	5.44
610510	Men's or boys shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	0.40	0.52	3.08
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.00	0.51	7.90
392062	Plates, sheets, film, foil and strip, of non-cellular polyethylene terephthalate, not reinforced, ...	0.35	0.50	2.83
080132	Fresh or dried cashew nuts, shelled	0.67	0.49	5.37
281820	Aluminium oxide (excluding artificial corundum)	0.69	0.47	5.81
732393	Table, kitchen or other household articles, and parts thereof, of stainless steel (excluding ...	0.32	0.47	2.73
611120	Babies garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.64	0.47	5.48
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or ...	0.31	0.46	2.64
620630	Womens or girls blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	0.57	0.45	5.10
401170	New pneumatic tyres, of rubber, of a kind used on agricultural or forestry vehicles and machines	0.69	0.44	6.30
300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	0.31	0.43	2.93
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.05	0.40	10.40
732599	Cast articles of iron or steel, n.e.s. (excluding articles of non-malleable cast iron, and ...	0.74	0.39	7.56
210111	Extracts, essences and concentrates, of coffee	0.31	0.37	3.35
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.35	0.36	47.79
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footware ...	0.49	0.35	5.56
870193	Tractors, of an engine power > 37 kW but <= 75 kW (excl. those of heading 8709, pedestrian-controlled ...	0.57	0.35	6.57

720241	Ferro-chromium, containing by weight > 4% of carbon	0.93	0.35	10.66
640351	Footwear with outer soles and uppers of leather, covering the ankle (excluding incorporating ...	0.47	0.34	5.49
290220	Benzene	1.31	0.33	15.69
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or ...	0.31	0.33	3.70
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	0.32	0.31	4.06
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	1.05	0.31	13.46
621143	Womens or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0.61	0.30	7.97
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.24	0.30	321.62

Note: To ensure that there is substantial demand for the product in the partner country i.e. Germany as well as adequate production capability in the exporting country i.e. India, products for which Germany's world imports and India's world exports exceed US$300 million are identified. At the end of the exercise, a total of 68 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in the specific market.
Source: CII calculations based on International Trade Centre Data

Table 3: India's Potential Exports to UK

HS Code	Product label	India's Exported value in 2019 (US$ billion)	UK's Imported Value 2019 (US$ billion)	ES Index
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	29.79	16.49	3.87
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	12.39	11.81	2.25
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.63	4.64	1.22
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	12.37	4.03	6.57
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	12.65	2.79	9.71
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.96	1.90	2.21
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	0.88	1.86	1.02
850440	Static converters	1.19	1.50	1.69
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	20.58	1.11	39.73

620342	Mens or boys trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	0.50	1.00	1.08
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	0.50	0.82	1.32
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.74	0.81	1.97
420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.42	0.81	1.12
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.66	0.79	1.78
620443	Womens or girls dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.66	0.72	1.98
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.48	0.70	1.49
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.93	0.64	3.12
840820	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for ...	0.31	0.62	1.07
392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...	0.33	0.61	1.18
870850	Drive-axles with differential, whether or not provided with other transmission components, ...	0.39	0.60	1.40
620640	Womens or girls blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.52	0.59	1.87
841391	Parts of pumps for liquids, n.e.s.	0.38	0.58	1.39
620520	Mens or boys shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.83	0.58	3.06
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.53	0.58	1.95
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	1.19	0.57	4.47
731815	Threaded screws and bolts, of iron or steel, whether or not with their nuts and washers (excluding ...	0.31	0.57	1.16
420222	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.32	0.56	1.23

260111	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	1.02	0.54	4.04
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.35	0.52	1.42
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.62	0.49	2.68
611120	Babies garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.71	0.49	3.10
90111	Coffee (excluding roasted and decaffeinated)	0.50	0.49	2.20
890110	Cruise ships, excursion boats and similar vessels principally designed for the transport of ...	0.62	0.49	2.74
853890	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	0.46	0.48	2.02
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.49	0.46	2.31
390210	Polypropylene, in primary forms	0.55	0.45	2.63
30617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.55	0.43	22.51
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.47	0.43	2.32
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.39	0.42	2.01
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.10	0.41	5.68
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.52	0.41	2.72
854460	Electric conductors, for a voltage > 1.000 V, insulated, n.e.s.	0.30	0.41	1.60
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.51	0.40	2.74
890520	Floating or submersible drilling or production platforms	0.75	0.40	4.02
610510	Mens or boys shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	0.47	0.40	2.56
850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	0.69	0.39	3.77
730820	Towers and lattice masts, of iron or steel	0.34	0.36	2.04

380893	Herbicides, anti-sprouting products and plant-growth regulators (excluding goods of subheading ...	1.13	0.35	7.00
760110	Aluminium, not alloyed, unwrought	2.98	0.33	19.56
380892	Fungicides (excluding goods of subheading 3808.50)	0.60	0.32	4.06
761699	Articles of aluminium, n.e.s.	0.36	0.32	2.46
841490	Parts of: air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.36	0.31	2.47

Note: To ensure that there is substantial demand for the product in the partner country i.e. UK as well as adequate production capability in the exporting country i.e. India, products for which UK's world imports and India's world exports exceed US$300 million are identified. A total of 52 products remain for which the index value is greater than 1, at the end of the exercise. A value greater than unity indicates specialization or comparative advantage of the identified products in the UK.

Source: CII calculations based on International Trade Centre Data

Table 4: India's Potential Exports to US

Code	Product label	India's Exported Value in 2019 (US$$ billion)	US's Imported Value in 2019 (US$ billion)	ES Index
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	12.31	61.25	1.60
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	29.52	36.31	6.47
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	12.59	25.60	3.91
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	3.07	20.86	1.17
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	20.66	19.83	8.29
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.66	14.66	1.45
841112	Turbojets of a thrust > 25 kN	3.13	11.26	2.21
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	12.19	7.29	13.30
760120	Unwrought aluminium alloys	0.82	4.97	1.31
732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	0.78	4.82	1.29

030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.34	4.81	7.17
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.99	4.56	3.48
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.87	4.12	1.68
760110	Aluminium, not alloyed, unwrought	3.00	3.98	6.00
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.51	3.53	1.14
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.75	3.39	1.75
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.60	3.06	1.57
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.10	2.97	2.93
620520	Men’s or boys shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.84	2.58	2.58
850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	0.68	2.39	2.28
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.94	2.32	3.22
020230	Frozen, boneless meat of bovine animals	3.08	2.12	11.55
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	1.09	2.06	4.22
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	2.03	2.62
271600	Electrical energy	0.55	1.98	2.21
293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...	0.70	1.71	3.26
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.52	1.59	7.58
611120	Babies garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.71	1.58	3.56

711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	1.18	1.51	6.23
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	0.52	1.46	2.81
620640	Womens or girls blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.53	1.32	3.19
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	0.55	1.26	3.45
620443	Womens or girls dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.68	1.22	4.41
621143	Womens or girls tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0.61	1.21	4.00
080132	Fresh or dried cashew nuts, shelled	0.56	1.20	3.70
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.78	1.11	5.56
290220	Benzene	0.91	1.05	6.87
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	6.91	1.01	54.34
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	0.77	0.99	6.19
620630	Womens or girls blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	0.51	0.83	4.91
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.54	0.69	6.22
294190	Antibiotics (excluding penicillins and their derivatives with a penicillanic acid structure, ...	0.56	0.61	7.34
300410	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, ...	0.53	0.57	7.43
620442	Womens or girls dresses of cotton (excluding knitted or crocheted and petticoats)	0.61	0.57	8.56

Note: To ensure that there is substantial demand for the product in the partner country i.e. US as well as adequate production capability in the exporting country i.e. India, products for which US's world imports and India's world exports exceed US$500 million are identified, while rest are excluded. At the end of the exercise, a total of 44 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in the US.
Source: CII calculations based on International Trade Centre Data

Table 5: India's Potential Exports to South Korea

Code	Product label	India's Exports to World (US$ billion)	Korea's Imports from World (US$ billion)	ES Index
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	12.59	13.80	1.42
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3.23	3.78	1.33
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	29.52	3.40	13.55
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	12.31	3.26	5.89
760110	Aluminium, not alloyed, unwrought	3.00	2.05	2.28
850440	Static converters	1.15	1.59	1.13
020230	Frozen, boneless meat of bovine animals	3.08	1.20	4.01
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	1.36	1.00	2.12
760120	Unwrought aluminium alloys	0.82	0.90	1.42
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.84	0.74	1.77
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.66	0.69	5.98
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.75	0.65	1.80
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding ...	0.38	0.58	1.02
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.99	0.55	5.65
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	1.19	0.53	3.49
841112	Turbojets of a thrust > 25 kN	3.13	0.53	9.27
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	12.19	0.52	36.80
720241	Ferro-chromium, containing by weight > 4% of carbon	0.82	0.52	2.46
854511	Electrodes of graphite or other carbon, for electric furnaces	0.54	0.51	1.66
720838	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.45	0.50	1.40
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...	0.33	0.48	1.08
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.33	0.48	1.06
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	1.26	0.47	4.20

030389	Frozen fish, n.e.s.	0.37	0.47	1.24
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	0.32	0.45	1.12
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.34	0.45	15.03
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.60	0.43	2.20
090111	Coffee (excluding roasted and decaffeinated)	0.50	0.43	1.84
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.51	0.42	1.88
420222	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.33	0.39	1.30
392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...	0.34	0.39	1.36
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	0.39	2.70
843149	Parts of machinery of heading 8426, 8429 and 8430, n.e.s.	0.39	0.37	1.61
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.49	0.36	2.13
761699	Articles of aluminium, n.e.s.	0.36	0.34	1.63
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.50	0.34	2.31
850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	0.68	0.33	3.23
293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...	0.70	0.31	3.51
320417	Synthetic organic pigments; preparations based on synthetic organic pigments of a kind used ...	0.74	0.31	3.73
030743	Cuttle fish and squid, frozen, with or without shell	0.61	0.31	3.11
841391	Parts of pumps for liquids, n.e.s.	0.38	0.31	1.93
620342	Mens or boys trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	0.52	0.29	2.77
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.47	0.29	2.53
300220	Vaccines for human medicine	0.75	0.27	4.36
520100	Cotton, neither carded nor combed	1.26	0.27	7.34
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.94	0.27	5.52
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	0.55	0.26	3.27
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.54	0.26	3.27

870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.48	0.26	2.92
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.41	0.25	2.52
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.49	0.25	3.05

Note: To ensure that there is substantial demand for the product in the partner country i.e. South Korea as well as adequate production capability in the exporting country i.e. India, products for which South Korea's world imports and India's world exports exceed US$250 million are identified, while rest are excluded. At the end of the exercise, a total of 51 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in South Korea.

Source: CII calculations based on ITC data

Table 6: India's Potential Exports to Japan

Code	Product label	India's Exports to World (US$ billion)	Japan's Imports to World (US$ billion)	ES Index
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.74	13.75	2.48
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.74	13.74	1.81
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.00	3.94	18.81
760110	Aluminium, not alloyed, unwrought	3.05	3.62	1.95
841112	Turbojets of a thrust > 25 kN	3.17	2.76	2.66
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	3.27	2.05	3.69
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	0.89	1.77	1.16
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	11.57	1.73	15.53
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	1.64	1.70	2.23
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.35	1.50	6.72
732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	0.76	1.45	1.22
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	0.77	1.36	1.32
020230	Frozen, boneless meat of bovine animals	3.32	1.36	5.66
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.79	1.21	3.41

610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	1.17	1.33
090111	Coffee (excluding roasted and decaffeinated)	0.52	1.15	1.04
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	0.52	1.14	1.05
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.76	1.13	5.67
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.05	1.09	2.23
720241	Ferro-chromium, containing by weight > 4% of carbon	0.93	1.07	2.00
853890	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	0.48	1.04	1.07
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.82	0.86	2.20
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.24	0.85	66.11
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	0.44	0.84	1.22
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.88	0.76	2.69
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.48	0.75	1.50
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	0.71	1.37
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.49	0.70	1.60
841480	Air pumps, air or other gas compressors and ventilating or recycling hoods incorporating a ...	0.30	0.66	1.06
030743	Cuttle fish and squid, frozen, with or without shell	0.62	0.63	2.28
420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.41	0.63	1.52
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.77	0.60	2.98
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0.48	0.60	1.88
850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	0.48	0.57	1.93
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.43	0.56	1.78
620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.55	3.34

293359	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing a pyrimidine ring, whether ...	0.34	0.55	1.45
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.58	0.54	2.46
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	1.05	0.54	4.50
293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...	0.53	0.52	2.35
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.53	0.51	6.99
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.35	0.50	1.64

Note: To ensure that there is substantial demand for the product in the partner country i.e. Japan as well as adequate production capability in the exporting country i.e., India, products for which Japan's world imports and India's world exports exceed US$250 million are identified, while rest are excluded. At the end of the exercise, a total of 64 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in Japan.
Source: CII calculations based on ITC data

Table 7: India's Potential Exports to UAE

HS Code	Product label	India's Exports to World (US$ billion)	UAE's Imports from World (US$ billion)	ES Index
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.81	10.55	1.13
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.25	4.21	4.65
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.78	2.53	3.44
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.77	1.41	1.59
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.33	1.03	25.35
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	6.84	0.69	7.98
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	3.26	0.58	4.52
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.83	0.56	1.20

850440	Static converters	0.74	0.49	1.21
890520	Floating or submersible drilling or production platforms	0.82	0.46	1.44
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.78	0.45	3.18
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	0.53	0.38	1.14
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	0.54	0.37	1.16
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.47	0.32	1.19
732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	0.76	0.31	1.97
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	0.38	0.30	1.01
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.79	0.30	2.14
20230	Frozen, boneless meat of bovine animals	3.34	0.29	9.17
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.82	0.29	2.32
841391	Parts of pumps for liquids, n.e.s.	0.36	0.28	1.05
90240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	0.68	0.26	2.13
843149	Parts of machinery of heading 8426, 8429 and 8430, n.e.s.	0.42	0.25	1.35
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	0.25	1.37
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	0.52	0.25	1.69
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0.48	0.24	1.60
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	0.69	0.24	2.33
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.37	0.24	14.97
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.49	0.23	1.71
620342	Men’s or boys’ trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	0.44	0.23	1.56

841480	Air pumps, air or other gas compressors and ventilating or recycling hoods incorporating a ...	0.30	0.23	1.07
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.01	0.21	3.90
390761	"Polyethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.06	0.19	4.38
390210	Polypropylene, in primary forms	0.87	0.19	3.60
720838	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.32	0.19	1.33
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	0.83	0.18	3.66
720719	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon, ...	0.98	0.18	4.36
80132	Fresh or dried cashew nuts, shelled	0.67	0.17	3.14
841490	Parts of air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.34	0.17	1.60
620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.17	3.78
611120	Babies garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.65	0.15	3.40
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	0.14	3.78
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.53	0.14	3.11
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.62	0.13	3.72
870422	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	0.36	0.11	2.68
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.57	0.11	4.24
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.44	0.11	3.39

Notes: To ensure that there is substantial demand for the product in the partner country i.e. UAE as well as adequate production capability in the exporting country i.e., India, products for which UAE's are greater than US$100 million and India's world exports exceed US$300 million are identified, while rest are excluded. At the end of the exercise, a total of 47 products remains for which the index value is greater than 1, indicating specialization or comparative advantage of these products in UAE.
Source: CII calculations based on ITC data

Annex 4: Sectoral Actions

Sectoral policies to alleviate roadblocks are required for many manufacturing and agricultural sectors to promote exports, apart from the sectors that have been identified above. The recommendations for the below sectors are provided below.

Manufacturing:

- Automotive, Auto Components & Electric Mobility
- Electronics
- Chemicals & Petrochemicals
- Gems & Jewellery
- Textiles and Apparel
- Capital Goods
- Footwear and Leather
- Furniture and Bedding

Agriculture and Food Processing:

- Agriculture
- Fruits and Vegetables
- Marine Products
- Food Processing

Manufacturing

Automotive, Auto Components & Electric Mobility

Recommendations

- Export Oriented Units need to be brought under the purview of the RoDTEP (Remission of Duties and Taxes on Export Products) scheme.

- Undertake comprehensive review of the taxation system, especially the various cesses being levied

- Ensure 24*7 power availability at a global benchmark cost, as the sector industry pays more than twice the cost that industries in competing geographies pay

- Power should also be subsidized for Exports and Export oriented / DTA units

- GST input credit should be allowed as any input credit which is not allowed becomes a cost from competitiveness perspective

- Interest subvention on Packing credit should be reinstated to allow companies to borrow at rates competitive with the international companies

- Consider easy approval processes for EOUs / DTA to engage female workers in all shifts

- Review overall cost of doing business across sectors and analyse against global competition and global costs to understand underlying issues

- Enter into Free Trade Agreements (FTAs)/Preferential Trade Agreements (PTAs) with Focus Countries – Bangladesh, Sri Lanka, Nepal, Algeria, Libya, Nigeria, Kenya, South Africa, Egypt, Chile, Peru, Colombia, Indonesia, Philippines, Israel, UAE, Saudi Arabia, Australia, UK, Mexico, and Brazil

- Reinstate benefit under section 35(2AB) of Income-tax Act, 1961 for R&D expenditure on electric vehicle segment in order to encourage the industry for better R&D measures and efforts.

Electronics

Recommendations

- Incentive scheme (including cost of finance) should be at par with those adopted by neighbouring countries like Vietnam.

- An export development/ marketing fund could be made available for SMEs. 50% costs may be borne by the SME exporters. Approvals required for exports may partly be funded by this fund.

- Expedite payment of overdue export subsidies. Government should ensure prompt payment of export subsidies.

- Set up inland container depots near manufacturing centres. The services that are provided at ports, where goods are transferred for export, may be availed at these depots. This will ensure faster clearances for export.

- Expensive imported inputs on account of tariff increase have an adverse effect on the competitiveness of manufacturers in international market. Therefore, it is important that the Government has a rational approach toward tariff increases.

- Allow payment of IGST through duty scrips of MEIS and RoDTEP.

- Advance filing of bill of entry is not possible for shorter duration of transit (Malaysia, Singapore, etc.); bill of entry filing period should be extended to avoid late filing charges.

- DTA Sales of ITA-1/Zero duty electronics products manufactured in the country need to be given the status of physical exports and extended all benefits of export schemes.

- The export obligations under EPCG scheme should be reduced.

- Rules of Origin must be strictly imposed under FTAs.

- National Advance Ruling Facility related to FTP and HBP matters (similar to Custom/ IGST) needs to be in place to help exporters to get faster clearance

- Speciality Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) procedure needs to be simplified.

- Presently, the policy requires that any unit catering to the domestic and export market should set up 2 entities – one in DTA and other in Electronic Hardware Technology Park (EHTP), SEZ, etc. Thus, it is recommended that in order to realise the benefits of economies of scale, a single manufacturing unit, either in DTA or SEZ, may be facilitated to address both the markets. Sales from SEZs to DTA should be treated on duty foregone basis – this will provide parity with DTA manufacturers.

- Agree on the specific international standards to be adopted for products and suitably enforced. Develop India-driven standards for emerging products with effective enforcement

Chemicals and Petrochemicals

Recommendations

- The RoDTEP scheme needs to be extended to the Chemicals and Petrochemicals sector as there has been significant demand destruction due to the pandemic and most producers are trying to increase their exports to counter the domestic demand contraction.

- Ramp up exports by extending PLI scheme in select areas, such as specialty chemicals, to obtain a larger share of global value is recommended.

- Rationalise with Advance License benefits. Indian Industry loses on olumes and economies of Scale as exporters import Raw Material (RM) under Advance license, because duty drawback on the downstream product is less than import duty component in RM cost, dissuading domestic investment.

- Duty drawback should cover import duty component, even for Raw Materials procured in India, to cover the implied duty in the Import parity pricing of domestic RM.

- For Specialty Chemicals, sudden changes in duties should be avoided. For example, additional duty on 'Other' category should not be imposed. Separate HSN code can be instituted to avoid manufacturers resorting to 'Other' category.

- Customize Tariff Policy. To provide an opportunity for value addition and adequate competitive protection, a ladder up duty structure approach is the most suitable option at present.

Gems & Jewellery

Recommendations

- 365 days export facility should be in place.

- Rather than importing quality machines by paying extra cost, focus should be on making quality machines indigenously.

- Encourage improvement in terms of automation, quality and intellectual properties.

Textiles & Apparel

Recommendations

- Double down on apparel exports. India expects an increasing trend of integrated manufacturing hubs, and hence, the share of end-use products in total trade value growth over the next five years is forecasted by 88 percent. With 90 percent of this absolute jump in trade value expected from apparel exports, India will need to over-index on apparel exports.

- Position India as a regional fabric hub pivoting on cotton wovens. India must target to gain a 5 to 6 percent point share of global woven (natural) trade. Once India ramps up its capabilities in other fabric segments (MMF-based wovens and knits), the same could be added to the fabric basket to make India the go-to destination for fabric sourcing in Asia.

- Create a dedicated task force that can boost foreign direct investment outreach efforts by reaching out to the right investors and pitching India as the ideal investment destination.

- Optimize factor cost competitiveness in power through policy-driven initiatives to increase the share of renewable power, such as increasing subsidies on renewable power usage or encouraging more states to adopt open banking of renewable power, thus reducing limits on the use of renewable power. Branding all new textile parks as “green parks” (where the bulk of power is consumed via renewable sources) could be a significant gesture in this direction.

- Continue making investments in sustainability and traceability, which are becoming key expectations from global customers and could be India’s most important differentiators.

- Reduce the cost of investments by either exploring lower duties on textile machinery or promoting indigenous textile manufacturing.

Capital Goods

Recommendations

- Provide RoDTEP benefits to Advance authorization (AA) holders as well, since they too suffer embedded taxes in Domestic value add portion for exports.

- BIS certification is not accepted in many countries as it does not have international recognition. In Electrical products, most of the products are regulated as per IEC standards. Support is required from Government of India for the recognition of Indian Standards based on their equivalence with International Standards.

- In many tenders, customers not only insist for overseas experience but make it more restrictive by stipulating specific experience of a particular continent/country grouping. Such clauses need to be removed as they are restrictive in nature and lead to unfair competition.

- Allow higher depreciation on domestically manufactured capital goods at 25%, to encourage investment and technology upgradation faster. This will spur demand for indigenous manufacture of capital goods and generate employment and build brand India in select countries.

Footwear and Leather

As the Indian footwear and leather industry has significant potential to boost exports, it is imperative to provide conducive infrastructure and appropriate incentives. India enjoys a natural advantage due to the presence of a huge livestock reserve including buffaloes, cows, goats, pigs, sheep, and camels, aggregating about 536 million as per the Livestock Census 2019. The sector employs about 4.2 million workers, including a large proportion of women workers.

The Indian Government implemented the “Indian Footwear, Leather & Accessories Development Programme” (IFLADP) for 2017-20 for the development of infrastructure and expanding production in the sector and facilitating greater investments. This includes various sub-schemes for skill development, technology development and brand promotion. As part of this, the Mega Leather, Footwear and Accessories Cluster Sub-Scheme was introduced, providing assistance of up to 50% of the project cost, with a maximum limit of Rs 50 – 125 crores depending on land area.

Special Purpose Vehicles for this may be set up by private companies, industry organizations, financial institutions or state or local governments. IFDLAP was to spend Rs 2,600 crore over three years.

Recommendations

- While India has a good access to leather raw material, global tastes are geared towards non-leather footwear which accounts for about 86% of total global consumption by volume. It is important to build the industry for non-leather products as well, including sports shoes, textile shoes, and other materials. This would entail ensuring the raw material availability for such products.

- The IFLADP scheme needs to be continued beyond 2019-20 to build adequate infrastructure and to support skill development, design and centres of excellence. The scheme must be enlarged to include more funds, focus on non-leather footwear and expand design which is an intrinsic part of footwear. Mega cluster schemes under the program must be fast-tracked with organized footwear manufacturers being encouraged to expand in traditional clusters.

- Footwear clusters must be developed with shared infrastructure including modern tanneries and effluent management systems as well as good inland connectivity.

- Prevailing tariff structures must be examined to avoid inverted duties. Efforts must be in place to develop a tariff structure that encourages global players and investors to set up facilities in India.

- There are several restrictions under the Market Access Initiative Scheme (MAIS) such as restriction on grants to individual exporters for particular events. Relaxation of such guidelines are recommended for better and more aggressive marketing.

- India's share of non-leather footwear in the global import market is low. One of the reasons that India is unable to compete in this sphere is the high import duty of the basic raw material PU, which is presently fixed at 20%. As PU is a critical raw material and not available in India, it is recommended that the duty-free import of PU be sought.

- The Animal Quarantine clearance requirement needs to be removed for all categories of wet blue leathers and also for all types of finished and crust leathers.

- Many companies in the leather sector are unable to fulfil annual average export obligation, though they fulfilled overall export obligation under the EPCG. It is recommended that the condition of maintaining annual average export obligation be removed.

- As Indian exports require support in the import of critical inputs as per global market trends, it is suggested that the limit for duty free import of critical inputs may be raised from 3% to 5% of FOB value of exports in previous years as has been done for textiles and for footwear and other leather products.

- Upgradation of technical expertise for building a talented and skilled workforce is critical. There is a need to impart education with the help of technology to build knowledge and creativity in the workforce. Greater use of technology along with skill development partnerships with international markets would also play a significant role in improving market access.

- Information among workers and producers must be facilitated through the use of online platforms on latest global fashion trends. Efforts towards promoting quality and standards of products must also be in place.

- There is also a need to promote modernization of industry. A scheme similar to Status Holders Incentive Scrip (SHIS) under earlier FTP (which provided additional 1% Scrip for import of capital goods) may be considered.

- As many changes in tanning technology are taking place along with development of new types of leathers, the revision of finished leather norms is critical for the survival of the finished leather segment and revival of exports.

Furniture and Bedding

Recommendations

- Focus must be on reducing cost through possible import substitution and also developing internal strengths and capabilities.

- It is critical to shape internal capabilities to develop the raw materials and intermediate components of furniture domestically, which play a critical role in the manufacturing of the finished product.

- Greater investments in technology, research and innovation must be facilitated to develop high quality, safety and standards at par with global trends. Design elements must be boosted and contemporary styles need to be developed.

- Furniture industrial parks should be developed. Local produce such as cane, bamboo and rattan can be developed as separate brands for an organic feel.

- India should consider a niche for itself in green furniture and fittings products, which consumers may like to purchase for health and sustainability reasons.

- To build domestic capability, the Government procurement program could be tailored towards using local products.

- Delisting of furniture from soft duty list of countries such as Malaysia, Indonesia and Vietnam are required as cheap Chinese imports are re-routed under low or nil duty under favoured nations benefits.

Agriculture and Food Processing

Agriculture

Recommendations

- Add value added products to the mix of export basket. The current key markets are given in the following table:

Agri produce	Key Markets
Basmati Rice	Iran, Saudi Arabia, Iraq, UAE, Kuwait
Non-Basmati Rice	Nepal, UAE, Somalia, Guinea
Mango	UAE, UK
Grapes	Netherlands, Russia, UK, Bangladesh, Germany
Other fresh fruits	UAE, Bangladesh, Iran, Nepal, Oman
Onion	Bangladesh, Malaysia, UAE, Sri Lanka Nepal
Other vegetables	UAE, Nepal, UK, Qatar Bangladesh
Spices	China, USA, Bangladesh, UAE, Thailand
Marine products	USA, EU, China, South East Asia
Buffalo meat	Vietnam, Malaysia, Egypt, Indonesia, Iraq

  Additionally, focus also needs to be on finding new markets for fresh & value-added products. Some of the indicated markets identified are:

Agri produce	New markets identified
Basmati Rice	EU, USA
Non-Basmati Rice	South America, Eastern Africa, and South East Asia
Mango	Malaysia, Argentina
Grapes	EU, USA
Onion	US, EU, UK
Spices	EU
Marine products	Japan, Singapore, UK, France, Spain, Vietnam, Canada

- India's trading partners, namely USA, China, UAE, Indonesia, Malaysia, Thailand, South Korea, Russia, Bangladesh, and Iran constitute major share of India's exports. For each of these, we need to look at expanding our export basket by adding new products on fresh as well as value added side.

- There are near about 116 GI horticulture products in India and the distinction needs to be leveraged for enhancing exports to the overseas market. India is already leveraging the benefits of GI tagging in Basmati Rice and mangoes and the successes can be replicated in other crops as well. In addition, this will also help preserve and scale production of traditional Indian foods.

- Enhance farmers skills and capabilities to produce export quality produce or raw material to produce exportable products.

- Support market development efforts by giving specific subsidies for marketing abroad and provide a weighted deduction for brand promotion.

- Avoid ad hoc ban or quotas of exports.

- Allow payment of IGST through duty scrips.

- Extend Transport and Marketing Assistance Scheme to dairy and processed food products.

- Only import of BIS certified machinery should be permitted

Fruits and Vegetables

Recommendations

- The central government has an important role to play in negotiating with other governments whose trade barriers are presenting a challenge to exports for priority value chains. Negotiate import tariffs for target export countries or provide export subsidy to offset this.

- Towards reducing incidence of port rejections which are primarily due to presence of antibiotics, bacteria contamination, and Minimum Residual Level (MRL) violations, stringent quality testing protocols of the importing markets need to be met.
    - Strong backward linkages need to be established under a cluster approach
    - Strong network of testing infrastructure needs to be established with stringent quality control mechanisms

- Provide power tariff at same as agriculture with seasonal electricity charges.

- Create processable variety clusters through SPVs, with private players, FPOs.

- Setting up of integrated post-harvest, processing facilities, collection centre, cold storage, pack-houses, testing laboratories etc., with support from schemes of MoFPI (PMKSAMPADA) / DoC (TIES) / DACF&W (MIDH) / DAHDF (IDMF) etc. will be critical.

- Create single window for processable clusters across ministries

- Create a dedicated bank for food processing

Marine Products

Recommendations

- Enablers such as ease of doing aquaculture farming, simplification of registration and renewal process of aquaculture farms, attracting large scale investment for upstream and downstream capacity building, increase the production through additional unutilised brackish water lands other suitable water bodies, implementation of end to end traceability for assured food safety, bringing value-addition opportunities are some of the identified interventions for bringing opportunities to meet the export targets.

- Enablement of adequate credit and working capital towards input costs & capital expenses as well as loan under priority lending sector will help aquaculture entrepreneurs to increase the production and thus the exports.

- Power Tariff for fisheries and aquaculture should be at par with tariff on agriculture activities.

- Encouraging policy framework and resource allocation over the development phase for establishing Nucleus Breeding Centre (NBC) and Broodstock Multiplication Centres (BMC) for domestication and breeding programmes in a PPP model would help adequate inputs (varieties of seed) for the aquaculture industry.

Food Processing

Recommendations

- In addition to Ready to Eat, the same rule should also apply to Ready-to-Cook (Curry Pastes, Curry Masalas, Cooking Sauces, Marinades etc.), Chutneys and Pickles as all these products contain only limited quantities of Spices / Chilli as ingredients.

- Spices Board to provide details of the list of specific spices and their overall level to enable exporters to clearly identify the export shipments that are exempted from Spices Board Certification.

- If not in all cases, the requirement of Sanitary Import Permit (SIP) for dairy imports which are meant for manufacturing RTE for export should be done away with. While a decision on the above is taken, towards ease of doing business,
  - The validity of SIP has been increased to 6 months
  - Timeline for approvals has been made 2 weeks.

- To reduce the transaction cost burden on exporters, the processes for issue of the certification should be fast tracked.

- Government must consider doing away with the Mandatory Physical Inspection and Verification of Organic Imports by APEDA

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government, and civil society, through advisory and consultative processes.

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Confederation of Indian Industry

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