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77A Palki Gully, Off Veer Savarkar Marg,  
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#### WORKSHOP ( ANDHERI )

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#### WORKSHOP ( VAPI )

Survey No. 137/1, 148/INH No-08,  
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Pin- 396105 (Via Vapi)  
Tel:+91 (260) 2707301, Fax:+91 (260) 2707065  
Email:ws\_vapi@vitesse.com

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President  
Mr. Vijay Kalantri

Editorial Board  
Ms. Sangeeta Jain- Director  
Ms. Renu Verma- Director

Editorial Assistant  
Ms. Shweta Virdikar- Manager  
(Digital Media & Coordination)  
Ms. Beena Jain- Marketing Executive

Associate Bodies  
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Maharashtra Port Developers Association (MPDA)  
Russia India Trade House Mumbai (RITHM)

Editorial Office  
New Excelsior Bldg, 6th Floor, A.K. Nayak Marg,  
Fort, Mumbai- 400 001  
Tel: 022-2201 9160 / 2201 9265  
Fax: 022-2201 9760  
Email: [info@aiaindia.com](mailto:info@aiaindia.com)

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Tel: 2266 0357 / 2266 5526  
Email: [info@unionpress.co.in](mailto:info@unionpress.co.in)

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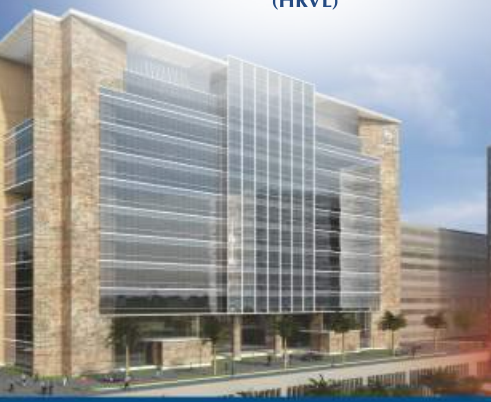


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# PRESIDENT DESK



Dear Members,

MSMEs are the pillar of economic growth and are one of the largest employment generators with huge share in manufacturing. While the world and especially India continues to face huge infrastructural problems along with inadequate market linkages and challenges in institutional credit, MSME sector continues to achieve tremendous growth. In its continuous endeavour to promote MSMEs, All India Association of Industries organised its annual flagship event, the 7th Global Economic Summit on Global Value Chains: Accelerating MSME Growth, Development and Sustainability in the month of February. The Summit hosted over 500 B2B and G2B meetings among 300 delegates representing trade, industry and government from 30 countries. Over 3 days of the Summit featured exhibition, plenary sessions and field trip. It was a great platform for business delegates to exchange ideas and engage in fruitful networking sessions to explore mutually beneficial business partnerships. All participants unanimously agreed that GVCs have the potential to be an engine of economic growth and sustainable development. The 'spot light' in the present newsletter provides a detailed report on Global Economic Summit.

Apart from GES, AIAI hosted large number of foreign delegations and dignitaries during this period. This includes Indo-Canada Chamber of Commerce, Russia, Malta, Bangladesh and Estonia. In the month of March, AIAI hosted Uganda – India Investment Conference where H.E. Edward Kiwanuka Ssekandi, Vice President of Uganda participated with high profile government and business delegation. One of the key highlights was signing of 3 letters of intents by Indian businessmen with the Vice President in energy and mining. We are also privileged to meet various international dignitaries and present our work for MSMEs and international trade to them. These include meeting with Mr. Justin Trudeau, Prime Minister of Canada during his recent visit to India; Sir Anerood Jugnauth, former Prime Minister of Mauritius; Mr. A.N. Zhiltsov Consul General of the Russian Federation in Mumbai during signing of the condolence book regarding the tragedy in the Siberian city of Kemerovo; Luc Arnouts, Director International Relations, Antwerp Port Authority and Mr. Wojciech Fedko, Executive Vice President , Polish Investment and Trade Agency to discuss investment opportunities, joint ventures and opportunities for SME's in Poland.

Another highlight was a panel discussion on 'Vision 2025 for Maharashtra Infrastructure Development'. Here chiefs of key government nodal agencies such as MCGM, CIDCO, MMRDA and JNPT discussed and deliberated on key infrastructure development initiatives in and around Mumbai.

Apart from these features and reports, this newsletter also lists various representations made by AIAI to State and Union Governments. These researched recommendations rightly reflect views of industry and further suggest measures to improve upon. Some of these include impact of GST on trade and transport, challenges faced by MSMEs, review of contract labour, insolvency and bankruptcy code, etc.

I am sure that this informative newsletter will fulfil expectations of our readers and I look forward to your continuous support.

Thanking you,

Vijay Kalantri



## Experts Discuss “Vision 2025” for Maharashtra Infrastructure Development

Construction of the proposed Navi Mumbai Airport, India’s largest airport with passenger handling capacity of 60 million per annum, will be completed in the next two years. The first runway of the airport will be ready by December 2018. Almost 30% of site preparation has been done for the project. The airport project will generate huge employment opportunity and it will work as a growth engine. More than Rs 1 lakh crore of investment is coming up on a 50 km radius surrounding Navi Mumbai. These projects include the proposed NAINA Smart City Project, Navi Mumbai International airport project, Dedicated Freight Corridor Project, Panvel-CST Metro Line and so on. Work on these projects has started on ground and I expect them to be completed in the next 3-4 years,” said Mr. Bhushan Gagrani, IAS,

Speaking on this occasion, Mr. U.P.S. Madan, IAS, Metropolitan Commissioner, MMRDA said, “MMRDA aims to connect all areas of the city seamlessly so that commuters can reach anywhere in Mumbai within an hour by 2025. To achieve this objective, the authority is implementing Rs 1.28 lakh crore worth of Mumbai Metro Corridor (which includes 12 metro rail projects and one monorail project) across 296 km. Never before in the history of Mumbai have we implemented such magnitude of projects. These projects have the potential to double the capacity of public transport in Mumbai Metropolitan Region by increasing the ridership by 1 crore people. Besides this, MMRDA will begin work on the ambitious 126 km Multi Modal Corridor Project by the end of 2018 to connect Virar and Alibaug.”



Dignitaries releasing the MVIRDC Research Publication on ‘Infrastructure Development in Maharashtra’ at the Panel Discussion organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai on March 23, 2018. (From L to R) Ms. Sangeeta Jain, Director, All India Association of Industries, Mr. Neeraj Bansal, Chairman, JNPT, Mr. U.P.S Madan, Metropolitan Commissioner, MMRDA, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Bhushan Gagrani, Managing Director, CIDCO and Dr. Sanjay Mukherjee, Addl. Commissioner (Projects), MCGM

Managing Director, CIDCO at the Panel Discussion on ‘Infrastructure Development in Maharashtra Vision 2025’ organized by All India Association of Industries (AIAI), and World Trade Centre Mumbai

Mr. Gagrani further pointed out that once the airport and other infrastructure projects are ready, the area of Navi Mumbai will become 600 sq km, larger than Mumbai which is spread across 400 sq km.

Mr. Gagrani added, “WTC Mumbai and AIAI were the first to organize an interactive session on Delhi-Mumbai Industrial Corridor (DMIC) project and the press conference on the ambitious ‘Make in India’ Campaign. These two projects turned out to be successful interventions.”

Mr. Madan further informed that the bids for the airport metro (connecting Chhatrapati Shivaji International Airport (CSIA) to the proposed Navi Mumbai Airport will be called soon once the detailed project report is finalized.

As part of its e-governance initiative, MMRDA will also introduce a digital platform for online application of building master plan by architects by June 2018. MMRDA is also working on an electronic system for maintaining files of various departments and a software for online approval of building plan applications by the concerned Assistant Municipal Commissioners.

Speaking at the event, Dr. Sanjay Mukherjee, IAS, Additional Commissioner (Projects), MCGM informed, "Recently, the Municipal Corporation has set up the largest water tunnel (15 km) capable of supplying 4,000 million litre of water per day to the city. Earlier, the Corporation has also constructed the fastest Roller Compacted Concrete (RCC) dam, Middle Vaitarana, in India."

Dr. Mukherjee announced the beautification of the 40-km long Tansa water pipeline by inviting artists to paint and express art. This project will create a wall of Bollywood, a wall of cartoon, a wall of artists and so on. The municipal body will also set up a cycle track on certain stretches along the pipeline.

MCGM will also begin work on the ambitious Mumbai

Coastal Road Project before Monsoon. This is an area development project spanning 81 hectares of open green space with the potential to generate 1 lakh direct and indirect employment, reduce carbon emissions and fuel bill.



MCGM is expediting implementation of the long delayed Goregaon-Mulund link road. The corporation will also implement sewerage treatment projects so that the city can reuse sewage water for non-potable purpose within the next five years. In the transport sector, MCGM will introduce passenger information system to enable smart commuting

for passengers by September 2018.

Dr. Mukherjee further informed that the Municipal Corporation aims to marry Development Plan which is a long term document with its Annual Budget.



### AIAI's Reaction to Economic Survey

Economic Survey presented by the Ministry of Finance laid hopes on revival of economy in view of the structural reforms such as Goods and Services Tax (GST) and various other initiatives to boost GDP growth to 6.7 percent in current year and 7 to 7.5 per cent in next fiscal year, which shall ultimately lead to job creation said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

However various initiatives in the area of infrastructure, service sector and long term vision empowering new India and its emergence and containing inflation has been a good booster for health of economy said Mr. Kalantri.

AIAI feels that Non Performing Assets (NPA) and poor concern but needs to be dealt under Insolvency and Bankruptcy Code (IBC) or Government should come out with appropriate guidelines to deal with the issues without loss of job.

AIAI is also concerned at the low credit to MSME sector as the credit growth to Micro and small enterprises is only 4.6 per cent while credit to medium enterprises to 8.3% only. However the only matter of hope is that various loan scheme such as Pradhan Mantri Mudra Yojana (PMMY) have crossed a target of 1.8 lakh crore added Mr. Kalantri.

The biggest satisfaction coming out of economic survey is increase in export by over 20 percent and service sector by 8.4 per cent



## PFRDA aims to double the subscriber base of National Pension Scheme in a few years

**P**ension Fund Regulatory and Development Authority (PFRDA) has been notified by Government in 2014 with the main aim to promote and develop as a supervising regulator of pension and social security of people at large. At present there are only 2.6 lacs subscribers and the same is expected to grow manifold in the years to come”, said Mr. Hemant Contractor, Chairman, Pension Fund Regulatory and Development Authority (PFRDA) during an interactive meeting with All India Association of Industries. and World Trade Centre Mumbai.

Yojana, and the National Health Protection Scheme can aid in efficient micro-insurance and micro-pension administration, thus increasing their penetration. There is also an urgent need to create a central repository of pension data to remove information asymmetry and increase actionable efficiencies.

Some of the schemes under National Pension Schemes include Atal Pension Yojna, Ayushman Scheme, EPFO, ESISC, Gratuity-based Fund, Maternity Fund which are being designed in a way to

make them attractive such as providing them tax benefits which is not the case in other pension fund schemes. Currently, on an average 120 million people are 60 years of age which is the fastest growing in India, which has the capacity to increase to 180 million in 2030 and further to 300 million by 2050. Therefore, the Pension Scheme is being further designed to make it a soft pension scheme rather than a mandatory one, said Mr. Contractor. Mr. Contractor further added that countries namely UK, Turkey, New Zealand have attained an auto enrollment whereas



(From L-R): Mr. Y. R. Warekar, Executive Director, MVRDC World Trade Centre Mumbai; Mr. Vijay Kalantri, President, All India Association of Industries and Mr. Hemant Contractor, Chairman, Pension Fund Regulatory and Development Authority (PFRDA)

The Regulatory Authority was mainly created as earlier the pensions were given from Government and State Budgets. The Pension System is now designed whereby 10% of an employee's salary and Dearness Allowance (DA) is deducted and the same is equally contributed by the Government. All states have joined with the exception of West Bengal and Tripura. Till now, PFRDA has over Rs. 2,25,000 crore out of which Rs. 33,000 crore is invested in mutual funds added Mr. Contractor. 85% of the working people are in unorganized sectors and only 15% people are working in the organised sector. Such schemes are promoted by the Government to look after the welfare of people after 60 years and PFRDA has recommended that the Government promote the Scheme enrollment automatically as is done in many other countries. Mr. Contractor further said that additionally, leveraging the Pradhan Mantri Jan-Dhan Yojana, Atal Pension

in India government has to introduce more attractive schemes to increase enrollment, till auto enrollment comes in force.

Mr. Vijay Kalantri, President, All India Association of Industries said, “The Pension Act was the need of the hour. World over Pension funds are being used in various projects. A regulatory authority system brings in the feeling of safety and security. So the National Pension System is most timely Scheme of the Government and the latter should increase its scope and ambit as we have both organised and unorganised sectors. Mr. Kalantri suggested that the Banking Act also required a change.

The event was attended by representatives of MSMEs, corporate houses, government departments, financial institutions and academic institutes.





## Uganda Seeks Ties with India in Trade, Investment and Tourism



*H.E. Ms. Grace Akello, High Commissioner of Uganda in India being felicitated by Mr. Vijay Kalantri, President, All India Association of Industries on the sidelines of an interactive meeting at MVIRDC World Trade Centre Mumbai. Also seen in the photograph are (from left to right) Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai, Mr. Y.R. Warkerkar, Executive Director, MVIRDC World Trade Centre Mumbai, Mr. Madhusudan Agrawal, Hon. Consul for Uganda in Mumbai and Co-Founder & Vice Chairman, Ajanta Pharma Ltd.*

**T**he current bilateral trade volume of India and Uganda is USD 563 million and there is scope to enhance this. India has a favourable trade balance with Uganda with total annual export of USD 494 million and total import of USD 68 million (as of 2016-17). Major imports of India from Uganda are coffee, tea, mate, spices, cocoa and cotton. India exports pharmaceutical products, auto and auto-components, machineries, plastic and plastic products to Uganda. All India Association of Industries assures all support to the High Commission of Uganda to strengthen bilateral co-operation by organizing trade fairs, exchange of delegation and other trade promotion events.”said by, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI)

“The Pearl of Africa - Uganda wants to strengthen its age-old economic, social and cultural ties with India. The Uganda Railway Infrastructure was built by Indians. Government of Uganda gets 65% of its income tax revenue from Indians settled in the country. I invite Indian companies to explore business opportunities in the economy of Uganda, which is

growing at 6% per annum.”. During interactive meeting with the top officials of All India Association of Industries (AIAI) and the World Trade Centre Mumbai on February 14, 2018. said by, Ms. Grace Akello, High Commissioner of Uganda in India

Ms. Grace further informed that Uganda is a gateway to the market of East African Community, which has a combined population of 150 million. Uganda has quota free access to the Chinese market for more than 650 products. Uganda also has access to the European and American markets under various treaties. “I invite all Indian companies to take advantage of the ambitious 'Buy Uganda Build Uganda (BUBU) policy' on the similar lines of 'Make in India' programme.

“Uganda is blessed with tremendous potential for tourism as it is home to the longest river (Nile) in the world, the second largest lake (Lake Victoria) in the world, the second largest mountain (Mountains of the Moon) in Africa and 10 national parks” said Ms. Grace.

■



## Russia seeks Special Industrial Zone for Russian companies in Maharashtra

Russian Federation is keen to establish special Industrial Park/Earmarked Industrial Zone for Russian companies in Maharashtra to take advantage of the “Make in India” and “Ease of Doing Business” programmes in India. H. E. Mr. Nikolay R. Kudashev had discussions with Mr. Devendra Fadnavis, Hon'ble Chief Minister of Maharashtra seeking his government's support to work out special facility for Russian companies to set up industries in earmarked zones. This was revealed by H.E. Mr. Nikolay R. Kudashev, Ambassador of the Russian Federation in India at an interactive meeting organized by the All India Association of Industries (AII) and the World Trade Centre Mumbai during his first official visit to Mumbai.

H.E. Mr. Kudashev also suggested that a Data Bank of Russian companies and Indian companies may be created with the assistance of the Government of

infrastructure projects implemented in India with the assistance of the USSR. Bokaro, Bhilai and Visakhapatnam Steel Plants, Aluminium Plant at Korba, heavy machine tools factory in Ranchi, Calcutta Metro, Suratgarh Central State Farm and overall more than 70 other projects were constructed in India with modern technologies of those times.

Nowadays Russia-India projects in the spheres of nuclear power, civil aviation, defense etc. are based on the state-of-the-art technologies. We do believe our economic partnership is a provider for innovations from research and development to implementation, he said.

According to H.E. Mr. Kudashev the construction of nuclear power plants is an established area of cooperation where the Russian company Rosatom shares its razor-edge technologies and expertise with



(From L to R) Mr. Y.R. Warekar, Executive Director MVIRDC WTC Mumbai, H. E. Mr. Nikolay R. Kudashev, Ambassador, Embassy of Russian Federation in India, Mr. Vijay Kalantri, President, All India Association of Industries, Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai, Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai

Maharashtra to facilitate exchange of shared complementarities in the sectors of science and technology, manufacturing, agro among other sectors.

H.E. Mr. Kudashev informed about the recent 12.9 bn. investment by ROSNEFT in ESSAR Refinery and he hoped there would be more investment flow into India.

H.E. Mr. Kudashev further stressed that the economic relations between Russia and India have a very long history and that technologies transferred so far from the USSR or Russia to India is a basis for our cooperation. Even now, one can see successful operation of industrial plants, agricultural farms, and

Indian partners. With announcement of the second site in India for construction of Russia-designed NPPs, which is expected to come around in the near future, our cooperation in peaceful atomic energy will become even more solid. However, both Russia and India are eager to move even further by jointly entering NPP projects in third countries. The first such project is on the anvil with NPP Ruppur in Bangladesh where Russia is contributing in terms of equipment supply while India may provide technical assistance and training. A respective agreement is in the pipeline. Be such cooperation successful, we will be able to offer our joint services to other countries as well.

In conclusion, H.E. Mr. Kudashev said looking ahead, Russia and India have a very solid historical and institutional ground as well as traditionally enjoy mutual affinity, which gives us every opportunity to continue strengthening our cooperation bilaterally and multilaterally in the near future and beyond.

H.E. Mr. Kudashev further added that Russia is soon going to have flights from Mumbai to Moscow and shall also relax visa for business community and organize Bollywood week in Russia for Indian Film Industry.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) said, "India and Russia have long

standing relation. Russia is full of natural resources such as oil, gas, fertilizers and Indian companies could collaborate in this field with Russian companies. Trade between India and Russia which is US\$ 6 bn. needs to be doubled in next three years."

Mr. Kalantri added that Russian companies are interested to invest in India and Russia should plan much more investment in India in the areas of science and technology, oil, gas and other fields. There is a need to work together and get more investments on focused sectors.

### List Of Representations / Recommendation Submitted to the Central and State Government

- Insolvency and Bankruptcy Code & MSMEs
- NPAs remedial measures
- Factors affecting Indian Manufacturing / Exports
- Impediments to Growth in India
- Suggestion on Child Labour
- Review of Contract Labour Policy
- Doing Away with the Cost Recovery Charges at Ports and Non Major Ports
- Monetary Policy
- Standing Advisory Committee Meeting to Review the Flow of Institutional Credit to MSME sector
- Oil companies should reduce petrol/ diesel prices
- GST Impact on our Trade and Transport
- Insolvency and Bankruptcy Code hurting Genuine Investors
- India Growth
- Modifications in the Draft Integrated Township Project Regulations, Maharashtra
- Need to promote Entrepreneurship and Job-Creation in the Country
- Status of the Indian Economy and Steps for Revival of Economic Growth
- Stamp Duty in Maharashtra
- Challenges faced by Indian MSMEs
- Analyzing Companies Act 2013 Vis-A-Vis Reforms



## Malta welcomes Indian companies with open arms to invest and use it as a hub for EU



(From L-R): Mr. Anton Buttigieg, Chief Executive Officer, TradeMalta; Mr. Vijay Kalantri, President, All India Association of Industries; H. E. Mr. Carmelo Abela, Hon'ble Minister of Foreign Affairs and Trade Promotion of the Republic of Malta; Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai; H. E. Mr. Stephen Borg, High Commissioner of the Republic of Malta, New Delhi and Mr. Y. R. Warrerkar, Executive Director, MVIRDC World Trade Centre Mumbai

Malta and India have shared excellent relations ever since formal diplomatic relations were established in 1965 and we invite Indian companies to explore business opportunities and forge partnerships at this Business Networking Event, which is attested by the good number of Malta-based companies and organisations that are here. Malta will set up a Digital Innovation Authority to license blockchain technology and cryptocurrencies and further, my country can become a hub for the European Union,” said H. E. Mr. Carmelo Abela, Hon'ble Minister of Foreign Affairs and Trade Promotion of the Republic of Malta who led a Business Delegation to an interactive meeting organised by All India Association of Industries. and World Trade Centre Mumbai.

Malta's business community is a diverse and dynamic one and Malta has acknowledged India's economy as a dynamic one as well. “Our manufacturing sector is diversified and highly-specialised, attracting international operators that are active in automotive components, electronic components, precision engineering, injection moulding, medical devices etc.”, said H. E. Mr. Abela. Malta's proven ability to serve as a logistics hub through its air and maritime connections between Europe and Africa offers great potential for collaboration, particularly for Indian companies seeking effective ways of creating new business opportunities in the two continents. The combined capacity to offer high quality facilities in manufacturing and logistics is an attractive

investment proposition for Indian pharmaceutical companies desiring to manufacture and export in the region.

Information Technology industry is another leading sector in Malta where India has a proven track record in areas such as software development, website development, hardware manufacture to name a few. Malta is increasingly becoming a preferred location for foreign film production as a result of its substantial cash rebate given to film producers, experienced local film workforce, besides, its iconic sights and locations which have featured in several renowned films including Indian productions. There is a growing appreciation by Indian nationals of Malta as a tourist destination. Another sector that has witnessed steady growth is the hosting of business conferences, musical concerts and weddings, further added H. E. Mr. Abela.

In conclusion, the Minister on behalf of his Ministry offered to facilitate follow-up contacts that may result at the ensuing Business-to-Business meetings thereafter, which would go a long way in contributing to the wellbeing of both countries and its citizens.

H. E. Mr. Stephen Borg, High Commissioner of the Republic of Malta, New Delhi who was instrumental in facilitating the visit said, “India-Malta relation is growing exponentially in many sectors. This Business Networking Event is a milestone by itself as it will create deals and partnerships and we are here to facilitate it in every possible way”.

Mr. Vijay Kalantri, President, All India Association of Industries in his welcome address said, "India-Malta have had great relations, with growing diplomatic and trade-related visits in each other's country. Malta is a scenic country with a stable and safe economy and offers attractive tax structures and incentives providing tremendous opportunities in areas such as auto engineering and components; medicinal & pharmaceutical products and electronic goods; logistics; transport equipment, travel & tourism, film shooting and production, education, energy etc. Therefore, Malta has the potential to be a hub to European countries.

Highlighting the Indian economy Mr. Kalantri said that India has regained its position of being the fastest growing economy. It's growth rate is 0.2 percent higher than China. Currently, India's GDP is growing at 7.2 percent which all go into making Indian an attractive destination to conduct business.

However, Mr. Kalantri cited important observations – no direct flight connections between the countries, in the area of film shooting there should be incentives in travel, accommodation and waiver in some production costs as is the case with Switzerland and Poland. Mr. Kalantri recommended setting up a task force or signing a cooperation agreement which would help facilitate trade and business through exchange of business delegations.

Mr. Anton Buttigieg, Chief Executive Officer, TradeMalta, a facilitator of the meeting showed films on Valleta, Malta's capital city and Malta Enterprise.

The event concluded with 250 pre-arranged business-to-business meetings between the high-level business delegation and trade and industry representatives.

### B2B Meeting held at the Event





## Steps on Long Term Capital Gains Tax and Corporate Tax to have deep impact on Indian Economy, say experts

**U**nion Budget 2018-19 is a farmer-centric budget and a step towards universal healthcare and more particularly for the poor people. The reduction in corporate tax for companies upto Rs 250 crore turnover is a welcome step. However, the introduction of Long Term Capital Gains (LTCG) is a retrograde step at a time when India's economic growth is recovering. The imposition of LTCG will be an additional tax burden on all investors as they already pay Securities Transaction Tax (STT). Therefore, investors are taxed both at the time of purchase and sale of shares. Also, the introduction of LTCG raises uncertainty on computation of losses and the computation of the LTCG itself," said Mr. Firoze B.

(frequently asked questions) to address the concerns of non-residents." Mr. Vanvari said.

Mr. Siddhartha Rastogi, Director – Asset Management, Ambit Capital Private Limited remarked, "The negative impact of the imposition of LTCG will be more than compensated by the prospective gains in stock prices in future. Government will spend the revenue raised from LTCG on rural infrastructure and livelihood creation. This will drive up the sales and revenue of Corporate India. Therefore, we expect the profitability and earnings of Corporate India to grow significantly in the next 3-4 quarters."



(From L-R): Mr. Jayesh Kariya, Partner – International Tax and Regulatory, BSR and Associates, Mr. M.S. Mani, Partner –GST, Deloitte India, Mr. Rajesh S. Athavale, Head-Direct Taxation, JMP Advisors Private Limited, Mr. Y.R. Warekar, Executive Director, MVIRDC World Trade Centre Mumbai, Mr. Firoze B. Andhyarujina, Senior Advocate, High Court Mumbai, Mr. Girish Vanvari, National Head of Tax, KPMG in India, Mr. Siddhartha Rastogi, Director – Asset Management, Ambit Capital Private Limited

Andhyarujina, Senior Advocate, High Court Mumbai at a Panel Discussion on 'Implications of Union Budget 2018-19'. The Panel Discussion was organized jointly by All India Association of Industries (AIAI) and World Trade Centre Mumbai at WTC Mumbai on February 6, 2018.

India is said to be the only country to impose both LTCG and STT on investment in equity.

Mr. Girish Vanvari, National Head of Tax, KPMG in India lauded government for introducing LTCG in a calibrated manner. "The impact of LTCG is not a large as it is made out to be. Although the government has imposed 10% LTCG, most foreign investors may end up paying nil percent or at the most, 5% as LTCG is not applicable for investment arising from tax havens and countries with whom India has signed tax treaties. The government has also grandfathered the existing investments to avoid retrospective implementation of LTCG. Further, the tax authority has released FAQs

Mr. Rastogi further observed, "Union Budget 2018-19 is not a budget for modern India or for futuristic India, it's a budget aimed at inclusive growth bringing BHARAT & India together. Every Nation once in a lifetime has to take charge to clean deep rooted inequality from face of the society, this budget is a mounting step in that direction. You rise, You take a higher ground, support your brethren, to emerge as One India, Healthy India and Prosperous India."

Experts feel that the reduction in corporate tax rate to 25% (from 30%) for companies with turnover upto Rs 250 crore will benefit a wider net of micro, small and medium companies (MSMEs).

In his remarks, Mr. M.S. Mani, Partner – GST, Deloitte India explained the possible impact of the increase in the customs duty on certain category of products.

“While the customs duty increases on various products would make manufacturing in India more attractive, in the short term it would also enhance revenue collections which have been a little dented due the lower than expected GST revenues.”

Mr. Jayesh Kariya, Partner – International Tax and Regulatory, BSR and Associates pointed out, “Allocation of around Rs 7 lakh crore for farm infrastructure, roads, ports and other projects will create employment and increase income in the hands of the people, thereby kickstarting demand.”

Speaking on other key amendments in the Union Budget, Mr. Rajesh S. Athavale, Head-Direct Taxation, JMP Advisors Private Limited said, “Welcome

amendments are proposed through MAT relaxation to insolvent companies which are covered by Insolvency and Bankruptcy Code (IBC), deductions granted to Senior citizens, extension of period for entitlement of deduction available for start-ups and widening the definition of eligible business of start-up companies. At the same time, several amendments proposed which are retrograde in nature, like backdoor entry of some of the items which are struck down by the Delhi Court in relation to Income and Computation Disclosure Standards, the introduction of Long term capital gains tax regime without discontinuing STT and 1% extra cess.”

### AIAI for Review of Holidays

“The spate of holidays during this week has cost a cumulative crippled financial and international transactions the financial damage is all more severe than one takes into consideration. The adverse impact of these holidays causing to the exporters and manufactures in meeting the delivery schedule and commitments”, said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

“Even after 28 years of economic reforms and liberalization the Government reluctant to cut down on holidays particularly of Banks, Financial Establishments and Financial Institutions for the reasons best known to it, due to these holidays over 1000 CR business has been lost besides the salary and wages. It is following an out dated precedence of old regime”, said Mr. Kalantri.

AIAI further feels that earlier while implementing the Pay Commission Report the Government has assured to reduce holidays and staff which has been conveniently forgotten. Today, world is becoming a global village we cannot follow the rules which shall increase financial burden on the cost of productivity and makes us in competitive.

Holidays privileges enjoyed by the Public sector Understanding (PSUs) including banks, are comparatively much higher than in other countries. India has the maximum number of holidays and less working hours – 25 public holidays and 31 restricted holidays, as compared to Iran which has the lowest number of holidays i.e. only 3 days, U.S.A. & Israel - 16 days and Australia, Brazil, Italy and Japan 15 day. Further, Banks and financial institutions should not be closed for more than 48 hours at a stretch under any circumstances for which a law can be enforced, as is the U.S.A. and other countries.

We are today considering if working hours 24 hrs X 7 days X 365 days in view of support the technology world and to keep in time with the International clock. When whatever required could be done in Labour Laws and Shop Establishment License to keep us in tune with the global practice. There has been increasing number of religious and memorable holidays which needs to be relooked and some religious holidays could be optional, said Mr. Kalantri.

We should also go back to the year 1952 or 1956 and see how many holidays were there and how many have increased and in the present circumstances what will be the most suitable formula on this subject and review holidays, added AIAI.



## Indian Businesses must reap the Benefits of Estonia's ICT Sector and E-governance Services

India with large skilled workforce, ability to adapt new skill-sets, highly-technology driven country and openness to exchanges of business ideas provides opportunities of cooperation between Estonian and Indian entrepreneurs in Information Communication Technology (ICT), e-governance development space and cyber security. My maiden visit to India has helped me in understanding the entrepreneurial and innovative spirit and I am hoping to come back with a business delegation shortly”, said H. E. Ms. Urve Palo, Minister of Entrepreneurship & IT, Republic of Estonia during an interactive meeting organised in her honour by All India Association of Industries and World Trade Centre Mumbai in association with EXIM Bank, EAS and the Embassy of Estonia in India at WTC Mumbai.

Minister Palo was on her maiden visit to India travelling to Delhi, Chennai and Mumbai. She added that with rapid economic progression in last 2 decades, Estonia is now considered to be one of the most digitally-advanced societies as it has gained modern digital skills, infrastructure, progressive government policies and technology driven private entrepreneurship. One of the most popular software applications Skype was cofounded by 3 Estonian software engineers is testimony to this. In the index of

economic freedom Estonia ranked 6th place, having a competitive tax system which is best among OECD countries, GDP of 5 per cent (among other EU countries). Estonia's e-services are transparent and conducive to businesses and public systems (eg. banking, medical, voting, signing of documents etc.) which are attractive to businesses globally. As a result of its e-services, the Estonian government has been able to save 2 percent of GDP per year. This was possible since her government is at the forefront of development which received great support from Estonian companies.

Minister Palo introduced Estonia's e-residency which is the first-of-its kind programme and invited Indian entrepreneurs to sign up for it. E-residency holders can gain access to e-governance services of Estonia and conduct their business without visiting the place and likewise Estonian businesses can gain business opportunities from e-residents. It also gives access to the European markets. So far 30,000 e-residencies have been issued from 150 countries and from India alone there are 1000 being issued. She further stated that Mr. Mukesh Ambani, Chairman, Reliance Industries Ltd. is one of the proud recipients from India. Estonia also attracts nearly 40 million tourists with a growing number of Indian tourists.



(From L-R): Captain Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai; H. E. Ms. Urve Palo, Minister of Entrepreneurship & IT, Republic of Estonia; Mr. Debasish Mallick, Deputy Managing Director, Export-Import Bank of India and Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai



Earlier in the welcome address, H. E. Mr. Riho Kruuv, Ambassador of Republic of Estonia to India acknowledged the importance of India's IT sector and suggested to have fruitful tie-ups with Estonian companies to establish a strong synergy that will boost bilateral relations.

Mr. Debasish Mallick, Deputy Managing Director, Export-Import Bank of India said, "Estonia as a Nordic country has taken great strides in the ICT industry. Its bilateral trade with India is approximately USD 200 million. India's exports include chemical and allied industries; base metals and articles; vegetable products; textile articles; leather products etc. and imports include machinery & mechanical appliances and optical and photographic equipment etc. There are significant Indian investments in Estonia with further scope for cooperation".

Captain Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai summed up the interactive meeting by proposing the vote of thanks. Captain Batra said, "Estonia is a fantastic country to do business in the Baltic region. It is a 'Jewel in the Crown'. It is strong in IT, has a simplified tax structure, commands quality products and has a well-balanced economy with no debt. In the ease of doing business, the country is

ranked among the top 20. Estonia is home to deep water draught ports.

Digitisation of e-governance is remarkable and Indian businesses must take advantage and seek fruitful collaborations in this area with their Estonian counterparts". Captain Batra also suggested Estonia to explore education linkages with Indian schools, colleges and universities.

The event concluded with more than 100 pre-arranged business-to-business meetings between the high-level business delegation and trade and industry representatives.



(From L-R): Mr. Vijay Kalantri, President, All India Association of Industries; Mr. Y. R. Warkerkar, Executive Director, MVIRDC World Trade Centre Mumbai; H. E. Mr. Riho Kruuv, Ambassador of Republic of Estonia to India and H. E. Ms. Urve Palo, Minister of Entrepreneurship & IT, Republic of Estonia

## AIAI ISSUES CERTIFICATE OF ORIGIN

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Contact: Ms. Renu Verma, Director, AIAI  
Email: [renu.verma@aiaindia.com](mailto:renu.verma@aiaindia.com)

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## Meetings attended by AIAI

- ❖ 22<sup>nd</sup> Meeting of Standing Advisory Committee to review the flow of institutional credit to MSME Sector under the chairmanship of Mr. B.P. Kanungo, Deputy Governor, Reserve Bank of India on January 4, 2018 at RBI, Central Office, Mumbai.
- ❖ Customs Clearance Facilitation Committee (CCFC) meeting under the chairmanship of Mr. Vivek Johri, Chief Commissioner of Customs, Mumbai Zone on 10<sup>th</sup> January 2018, JNCH, Nhava Sheva.
- ❖ Meeting on the scheme of budgetary support to the units located in the states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North Eastern States Including Sikkim Under Goods and Service Tax Regime-Reg under the chairmanship of Mr. Shailendra Singh, Additional Secretary, Department of Industrial Policy and Promotion, Government of India on 12<sup>th</sup> January, 2018, New Delhi.
- ❖ Grievance Re-dressal Committee Meeting chaired by Additional DGFT on 18<sup>th</sup> January, 2018, Mumbai.
- ❖ Tripartite meeting to discuss and finalize the draft of the Contract Labour (Regulation & Abolition) Amendment Bill, 2017 under the Chairmanship of the Hon'ble Minister of State (Independent-Charge) Labour & Employment, Government of India on 19<sup>th</sup> January, 2018, New Delhi.
- ❖ Meeting on the International Labour Organisation (ILO) Governing Body Agenda item "ILO Strategy to promote Decent Work in the Tobacco Sector" - reg. under the chairmanship of Mr. Manish Gupta, Joint Secretary, Ministry of Labour & Employment, Government of India on 6<sup>th</sup> February, 2018, New Delhi.
- ❖ Meeting to discuss the issue of Trade Credit Channel and NPA problems - reg. under the chairmanship of AS&DC (MSME), Ministry of Micro, Small and Medium Enterprises, Government of India on 21<sup>st</sup> February, 2018, New Delhi.
- ❖ Grievance Re-dressal Committee Meeting chaired by Additional DGFT on 22<sup>nd</sup> March, 2018, Mumbai
- ❖ Service Cell Meeting of Trade associations, Dealer associations and Practitioner associations under the chairmanship of Commissioner of Sales Tax, Mumbai on 13<sup>th</sup> April, 2018, Mumbai
- ❖ Customs Clearance Facilitation Committee (CCFC) meeting under the chairmanship of Mr. Vivek Johri, Chief Commissioner of Customs, Mumbai Zone on 16<sup>th</sup> April 2018, JNCH, Nhava Sheva
- ❖ National Conference on Building and Other Construction Workers under the Chairmanship of Hon'ble Minister of State (Independent Charge) for Labour and Employment, Government of India on 18<sup>th</sup> April 2018, New Delhi

## Design Hubs – A Promising Sector for India to integrate into Global Value Chains

India's MSMEs must become cost-competitive in product design and development so that they become attractive partners to lead firms in the global value chains. Indian companies must move up the value chain by establishing globally competitive design hubs, especially in sectors such as textile and leather, jewellery and automobile," said Mr. Abhijit Das, Professor & Head, Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT) at the Programme on 'Development-oriented Global Value Chain Integration' at World Trade Centre Mumbai. The programme was jointly organized by All India Association of Industries (AIAI) and World Trade Centre Mumbai. This programme is a curtain-raiser to the 7th Global Economic Summit on the theme

the narrative and introduce servification of the manufacturing to make it more appealing for the Global corporations. World today demands Smart Solutions and not dumb products and if India can create this ecosystem by leveraging its software capabilities then it will have a great story to sell."

In his speech, Mr. TS Venketram, Senior Director, Supply Chain, Kellogg India pointed out that India has great potential to develop a viable value chain in the food processing sector. Highlighting the strengths of India's agro-based sector, Mr. Venketram said "India is a producer of a variety of farm commodities; also most of the crops grown in this country are not genetically modified." However, Mr. Venketram



From (L-R): Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai, Mr. Manoj Kothari, Head – International Sourcing, Godrej Consumer Products (GCPL), Mr. Abhijit Das, Professor & Head, Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT), Mr. Gagan Sabharwal, Senior Director, Global Trade Development, NASSCOM, Mr. TS Venketram, Senior Director, Supply Chain, Kellogg India, Mr. Y. R. Warkerkar, MVIRDC World Trade Centre Mumbai

'GLOBAL VALUE CHAINS: Accelerating MSME Growth, Development and Sustainability', which is scheduled from February 22-24, 2018 at World Trade Centre Mumbai. The programme generated intellectually stimulating discussions among industry leaders, academicians and start-up companies on how Indian companies can integrate in global value chains.

Mr. Gagan Sabharwal, Senior Director, Global Trade Development, NASSCOM said, "India's information technology (IT) sector has been part of Global Value Chain (GVC) for many years and has created millions of jobs for India. Global companies have been leveraging India's capability to deliver on the product Engineering, IT management, research and development (R&D) and BPM services from India for the past two decades. As India projects itself as preferred manufacturing hub through various government initiatives, it is important that we tweak

emphasized the need to develop robust infrastructure to support value chain in this sector.

The programme featured a case study on how India's FMCG major Godrej Consumer Products (GCPL) manages its vendors across Asia, Latin America and Africa. Mr. Manoj Kothari, Head – International Sourcing, GCPL delivered the case study.

Earlier in her welcome remarks, Ms. Rupa Naik, Senior Director, World Trade Centre Mumbai said, "Global Value Chain is an effective tool for enhancing the footprint of MSMEs, women entrepreneurs and industry clusters in global market. In order to promote India's integration into GVCs, we must upgrade our logistics and supply chain infrastructure, focus on skill development, improve access to finance and cutting edge technologies for local MSMEs."

## CEPA Could help India -Canada Trade Reach \$8 billion

Canada's investment in India in a short span of 10 years is \$20 billion by way of equity funds. This is an incredible story. Trade with India is increasing 30% year-on-year besides the Foreign Direct Investment (FDI). Today, trade is over \$8 billion and more than 1000 companies from Canada are doing business with India said Mr. Jordan Reeves, Consul General, Consulate General of Canada in Mumbai at a meeting organised by the All India Association of Industries (AIAI) and World Trade Centre Mumbai during the visit of 25-member high level delegation from Canada to India.

Chamber of Commerce (ICCC) leader of the trade mission to India, said that the trade mission to India has become an important annual event in the Chamber's calendar. It is the time when the Chamber fulfils its objectives of fostering bilateral trade relations between Canada and India and simultaneously also creating business and professional opportunities for the Canadian small entrepreneurs. The two-week multicity trip to India focuses on multiple sectors that are or are likely to be significant to the bilateral trade between the two countries. ICCC closely works with AIAI and WTC to

promote bilateral trade relations.

Mr. Dhanjal further added that another indication of why India remains the focus of the world's investors is a recent Bloomberg report. Foreign investors are flocking to the Indian



Mr. Kanwar Dhanjal, President, Indo-Canada Chamber of Commerce (ICCC) (second left) presenting India Mission 2018, a book on ICCC's mission to India to Mr. Vijay Kalantri, President, All India Association of Industries (second right). Also present are Ms. Rupa Naik, Senior Director, MVIWDC World Trade Centre Mumbai (left) and Mr. Jordan Reeves, Consul General, Consulate General of Canada in Mumbai (right)

Mr. Reeves further stated that there are 1.3 million Indians staying in Canada. There is tremendous opportunities to work in the areas of energy, renewable energy, solar etc. Canada has third largest crude oil reserves and long term gas reserves, Canada is looking forward for Indians to partners in these areas. India being one of the biggest importers of Oil and Gas, having joint ventures with Canadian counterparts for beneficial to both added Mr. Reeves.

Canada has also signed an MOU to supply Uranium to India beside looking at partnership in defence equipment, services and textiles, Further, Foreign Investment Protection Agreement (FIPA) and Free Trade Agreement (FTA) negotiations between India and Canada if concluded earlier than there is no looking back on investment and trade opportunities stressed Mr. Reeves.

Mr. Kanwar Dhanjal, President, Indo-Canada

capital markets in a big way with a net inflow of over \$30 billion of so-called hot money in 2017 with equities alone getting over \$8 billion - an amount bigger than the cumulative investment of the previous two years. As the year draws to a close, the Indian stock market seems to have regained its status as one of the most favoured destinations for foreign portfolio investors. A sharper turnaround was seen in 2017 in terms of FPI inflows into debt markets where the net investments have soared to a staggering \$23 billion.

The ICCC has, during its four-decode existence, promoted the idea of Canada casting trade net wider than just focusing to the south, where undoubtedly the market is humungous. Now is really the time for Canada to rapidly expand its trade relations with India and achieve a quantum leap by attempting to reach a three year old target of bilateral trade worth \$15 billion stressed Mr. Dhanjal.

Mr. Vijay Kalantri, President, All India Association of Industries said, "India and Canada share a close and dynamic relationship. India-Canada bilateral trade is currently stands at \$8 billion which has scope to increase to \$16 billion in the next 3 years. India has a growth rate of 6.5 per cent and is expected to grow at 7.5 percent in the next year and Canadian companies can seize this opportunity to forge collaborative efforts in areas such as automobiles, textiles, pharmaceuticals, shipping & logistics, tourism, film shooting etc. "

Mr. Kalantri suggested setting up of a reciprocity cell to facilitated Canadian SME sector to identify right partners in India. Further, All India Association of Industries could look at ways to further strengthen Indian Canadian bilateral relations



(From L-R): Mr. Kanwar Dhanjal, President, Indo-Canada Chamber of Commerce, Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre Mumbai, Mr. Jordan Reeves, Consul General, Consulate General of Canada in Mumbai and Mr. Vijay Kalantri, President, All India Association of Industries

### AIAI welcomes growth-led Budget for MSMEs

The Budget has given a big thrust to Micro, Small and Medium Enterprises (MSMEs) to boost employment and economic growth providing Rs.3794 crore for giving credit support, capital and interest subsidy and for innovations. MUDRA Yojana launched by the Government has sanction of Rs. 4.6 lakh crore in credit from Rs. 10.38 crore MUDRA loans, said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

In an effort to reduce tax burden on MSMEs and to create large-scale employment, the Budget announced measures to extend the benefit of reduced rate of 25% to companies who have reported turnover up to Rs. 250 crore in the Financial Year 2016-17. This will benefit the entire class of micro, small and medium enterprises which accounts for almost 99% of companies filing their tax returns. Mr. Kalantri further expressed confidence that the lower Corporate Income Tax rate will leave 99% companies with higher investible surplus, leading to creation of more jobs.

Mr. Kalantri said that the proposal to onboard Public Sector Banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and link it to GSTN, Online loan sanctioning facility for MSMEs shall revamp for quick decision making by the banks, also to review the refinancing policy and eligibility criteria set by MUDRA for better refinancing of Non-Banking Finance Companies (NBFCs). The proposed setting target of Rs. 3 lakh crore shall benefit MSMEs.

The Finance Ministry is examining the policy and institutional development measures needed for creating right environment for Fintech companies to grow. Further, various additional measures may strengthen the environment for Venture Capital Funds and for growth of MSME and successful operation of alternative investment funds in the country for this sector.

AIAI further feels that the budget lays strong emphasis on rural and agro economy by boosting food processing, organic farming and various initiatives to create rural infrastructure which is a dream of the Prime Minister to double the income of farmers by 2022 make it a reality.

The various sops given for promotion of Women Empowerment, textile and infrastructure sector may make it possible to achieve 8% GDP growth and contain fiscal deficit to 3.3%, stressed Mr. Kalantri.



## Tremendous Opportunities lie ahead for Indian Businesses with Bangladesh's Transition from LDC Status



Mr. Vijay Kalantri, President, All India Association of Industries (3rd left) felicitating H. E. Mr. Mohd. Lutfur Rahman, Deputy High Commissioner, Bangladesh Deputy High Commission in Mumbai (2<sup>nd</sup> left) Also present (from L-R): Mrs. Chamari Rodrigo, Consul General, Consulate General of Sri Lanka in Mumbai; Dr. Norbert Revai Bere, Consul General, Consulate General of Hungary in Mumbai & Dean of Consular Corps in Mumbai; Mr. Mohammed Al Mamun, CEO, AB Bank in India and Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai.

**B**angladesh has developed in the last ten years owing to the pragmatic leadership policy of our Prime Minister, Ms. Sheikh Hasina and her Vision 2021 to graduate from LDC to lower middle-income status. On 16th March 2018, the UN Committee of Development Policy announced that Bangladesh is graduating from LDC status on the merit of meeting the three criteria based on Per Capita Income, Human Asset Index and Economic Vulnerability Index. The graduation threshold for GNP per capita is USD 1230 based on last three-year average, while that of Bangladesh is USD 1272, Human Asset Index is minimum 66, while that of Bangladesh is 72.8 and that of Economic Vulnerability Index is maximum 32, while that of Bangladesh is 25. It's a landmark event for us and an occasion to celebrate", said H. E. Mr. Mohd. Lutfur Rahman, Deputy High Commissioner, Bangladesh Deputy High Commission in Mumbai during the programme on 'Vibrant Bangladesh: Transition from LDC Status' which was organised by All India Association of Industries and World Trade Centre Mumbai in association with the Deputy High Commission for the People's Republic of Bangladesh.

Further in his remarks, H. E. Mr. Rahman mentioned that "In 2009, Bangladesh exports stood at USD 13 billion, which has now increased to USD 35 billion. In 2009, FDI to Bangladesh stood at less than USD 1

billion, which has now grown to USD 2.3 billion. GDP growth has been growing at over seven per cent in the last three years. Poverty has decreased significantly from 44 per cent in 1991 to 13.8 per cent in 2016. Maternal mortality has come down. Today, primary enrollment is more than 90 per cent with preference to girl child education. According to PwC, Bangladesh is today the 32nd largest economy in the world and will be the 23rd largest by 2050.

He further added "Graduation would generate a greater momentum in increasing our productive capacities for more diversification and production of higher value added goods and services. Graduation would be an important steppingstone to our aspiration to become an advanced economy as envisioned in the 'Vision 2041'. While there are challenges, new windows and opportunities will also be opened up for Bangladesh with this graduation process. An estimated 12.9 million additional jobs will be created by 2020 with around 1.3 million ICT professionals, along with, 10,000 ICT entrepreneurs".

Mrs. Chamari Rodrigo, Consul General, Consulate General of Sri Lanka in Mumbai addressed the gathering by congratulating Bangladesh on its achievements. In her speech she mentioned "Sri Lanka graduated from LDC to low middle-income status in 1997. It achieved this by investing in

education, which is key to development. Over 90 per cent of the population of Sri Lanka has now access to education, which is very crucial to increasing productivity and girls should have equal access to education. Second important lesson is access to basic services. In 1997, about 65 per cent of the population had access to electricity, which has now increased to 90 per cent. Third important lesson is having a strong private sector. Sri Lanka opened its economy in 1978. Challenges to move to upper middle income status include weak institution, lack of infrastructure development and macro economic instability.

Dr. Norbert Revai Bere, Consul General, Consulate General of Hungary in Mumbai & Dean of Consular Corps in Mumbai suggested gender equality as being important for development. An economy is a part of an ecosystem and focusing on growth alone can fall apart. It is important to have sustainable development, which is only possible if development, wealth and natural resources are shared. Hungary was one of the first to adopt Gross National Happiness Index and the quality of life and environmental sustainability are key to development.

Mr. Mohammed Al Mamun, CEO, AB Bank in India shared his views on the 'to do' list of Bangladesh in the area of finance, banking and investment within 2024 which include focus on timely completion of infrastructural development projects to attract more FDI and development of financial markets for inviting free flow of funds internationally. He suggested that domestic bond market is to be developed as also there

should be capital account convertibility.

Dr. Siddhartha Roy, CEO, SR Associates, Mr. Mukesh Dave, Senior Manager (Marketing & Exports), GCMMF Ltd (Amul), Mr. N. Ravindranathan, Director, TEXPROCIL, Dr. Humayun Jafri, Head, Public Relations & CSR and International Patient Advisor, Tata Memorial Hospital, Mr. Mohit Dhanjal, Director Retail - Lifestyle Business, Raymond and Mr. Vikramaditya Ugra, General Manger, EXIM Bank also shared experiences about their business with Bangladesh.

In his welcome address, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) remarked, "Bangladesh is growing at seven per cent and is the third fastest growing economy in the world. Indian manufacturers are happy to work in Bangladesh, as it is cost effective and has good working conditions, as also is home to a number of EPZs and easy to communicate over the border. It is at a motorable distance from India.

However, for better logistic connectivity, we need to develop road and rail routes via Bangladesh, which will bring down the transport cost and time. The government of Bangladesh is focused on development and is proactive towards industrial growth. India supplies capital goods such as textile machinery to Bangladesh, encourages textile and leather exports from Bangladesh and partners in projects in the power generation and transmission sectors. We need regular interaction with small groups to promote trade through our South Asian FTA with Bangladesh."

### Oil Companies should reduce Petrol / Diesel Prices

In light of the petroleum products prices coming down to below US\$ 65/- per barrel its surprising as the Oil companies have not reduces the petrol and diesel prices, they should have followed the same trend which they were doing while increasing this is anti Consumer act of oil companies said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI further feels instead of daily changes in rates, the Government should revert back every 15 days as in past to facilitate consumers and oil dealers and avoid confusion.

Mr. Kalantri further said that the recent increase in CESS on petrol/diesel from Rs. 2/- to Rs. 8/- is a big hike which should be brought down to Rs. 4/- or revert to original cess rate

The state Governments is also increasing hike on CESS and Local taxes, which needs to be rationalized, we suggest petroleum products should be brought under GST on priority.

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# Best Minds Congregate to Discuss MSME Integration into GVCs

## Global Economic Summit 2018 – A Report

The 7th Global Economic Summit was a pioneering effort on the part of All India Association of Industries and World Trade Centre Mumbai to bring together internationally acclaimed scholars and experts on Global Value Chains (GVCs) to discuss challenges and policy measures for integrating MSMEs in GVCs. The Summit promoted India’s GVCs in key sectors such as Auto and Auto Components, Business Services and Hospitality, Chemicals and Pharmaceuticals, Construction and Infrastructure, Education and Vocational Training, Electrical and Electronics, Energy and Environment, Gems, Jewellery and Handicrafts, Information and Communication Technology, Life Science and Biotechnology, Mechanical and Metallurgical, Textile and Leather, Trade Promotion and Development, Transportation and Logistics, among others. The Summit offered a unique platform for multinational companies, investment promotion agencies and industry bodies to make successful case

presentations of GVCs. The 3-day Summit featured intellectually stimulating Plenary Sessions, Exhibition, Business-to-Business Meetings (B2Bs), Awards, Release of Handbook and Field Visits. The Summit was attended by government officials, including diplomats, academicians, representatives from multilateral bodies, industry chambers, MSMEs and corporate houses. All the participants unanimously agreed that GVCs have the potential to be an engine of economic growth and sustainable development.

Over 3 days of the Summit, business delegates exchanged ideas and engaged in fruitful networking sessions to explore mutually beneficial business partnership.

The Summit hosted around 500 B2B and Government to Business (G2B) Meetings among 100 delegates representing trade, industry and government from 30 countries and 280 delegates from India.



(From L-R): Dr. S. Venkateswara Sharma, Deputy Director, System Production Area, ISRO Satellite Centre; Mr. Christian Ewert, Director General, amfori (formerly known as Foreign Trade Association); Mr. Vijay Kalantri, President, All India Association of Industries; Mr. Laxmi Narayan Gupta, IAS, Additional Chief Secretary, MSME Department, Government of Odisha; Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre Mumbai; Dr. Sonia Sethi, IAS, Additional Director General of Foreign Trade, Directorate General of Foreign Trade, Mumbai Zonal Office; Mr. Nadim Ahmad, Head - Trade and Competitiveness Statistics Division, Statistics Directorate, Organization for Economic Co-operation and Development (OECD); Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai; Mr. Rajeev Kher, Distinguished Fellow, Research and Information System for Developing Countries (RIS) and former Commerce Secretary, Government of India at the inaugural session of the Summit.



# Global Value Chains - Enabler of Sustainable Trade

## Inaugural Session

The inaugural session on Day 1 (February 22, 2018) witnessed a power-packed line of distinguished guests from the government, multilateral organisations, think tanks and trade and industry who set the tone for discussion on various topics at sessions in the Summit.

In the video message, Mr. Suresh Prabhu, Hon'ble Minister of Commerce and Industry, Government of India said, Global Economic Summit is the most important programme for the times that we are living in. The world has changed and now it is all Global Value Chains, which make the world function. Nobody makes a product in one particular geography alone. Adding value to the supply chain is what is going to be the new mantra of business, the Minister remarked.

Mr. Vijay Kalantri, President, All India Association of Industries said, currently, Indian economy is growing at 6.0-7.0% and if this growth has to increase to 8.0-10.0%, MSMEs have a large role to play in this. India's MSMEs must enhance their competitiveness to grab the opportunity offered by Global Value Chains. Therefore, Government of India must support MSMEs in areas of finance, marketing, logistics, infrastructure etc.

Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre Mumbai, highlighted the significance of Global Value Chains for economic growth, employment and regional development. He spoke of India's stability and predictability which are key to integrating into the world economy since 1991. India is built upon a system of transparent administration, robust democracy, freedom of press and functioning of a legal system.

H. E. Professor Adam Burakowski, Ambassador of Poland in New Delhi, discussed the possibilities of developing value chains between India and Poland through partnership in trade and investment. India is considered one of the most promising export markets for Poland and has become the first investment destination for Polish companies in Asia. A huge potential for bilateral cooperation is in the food processing industry. Polish companies are able to offer expertise with regard to refrigeration and cooling technologies as well as food processing and production lines which are crucial for growing the Indian agricultural market.

Mr. Christian Ewert, Director General, Amfori (Foreign Trade Association), Speaking about India's participation in GVCs, he said India is fairly well

integrated into GVCs given that 41 per cent of its exports are intermediate goods used in further production. Considering that in India, trade makes up over 40 per cent of GDP, this is a good indicator of the importance of GVCs for India, according to OECD – Global Value Chains India.

He said the world economy is witnessing the practical expressions of globalisation in the shape of GVCs, the increased service content of production and trade ('servicification'), the digitalisation of trade, and new business models. Together, these trends constitute a formidable force of transformation that is likely to affect trade policy for the foreseeable future.

Dr. S. Venkateswara Sharma, Deputy Director, System Production Area, ISRO Satellite Centre, explained how Indian Space Research Organisation (ISRO) partners with industry to create a sustainable value chain in manufacturing satellites.

ISRO is engaged in designing and developing satellites, while the production of systems and subsystems is outsourced to industry. He elaborated how ISRO is partnering with 350-400 industries from all levels ranging from MSMEs, large companies, public sector organisations such as HAL and BHEL for integrating 35-40 subsystems of a satellite.

ISRO has already fabricated two satellites namely IRNSS1H and IRNSS1I in partnership with industry.

Mr. Laxmi Narayan Gupta, IAS, Additional Chief Secretary, MSME Department, Government of Odisha MSMEs must focus more on innovation, be it product innovation or process innovation to remain integrated with GVCs as an important partner. For that to happen, steady supply of skilled human capital needs to be ensured who have the drive to experiment with new ideas, he remarked.

Further Mr. Gupta shared information about the competitiveness of the economy of Odisha and the progressive policies of the state government. Government of India has recognised Odisha as the 'Champion State' for achieving this growth rate and a 'Leader State' in terms of Ease of Doing Business.

Mr. Rajeev Kher, Distinguished Fellow, Research and Information System for Developing Countries (RIS) and former Commerce Secretary, Government of India

India has been on the value chains, essentially benefitting by wage arbitrage in the textile, leather and gems and jewellery sectors. In terms of backward and forward participation, the share of Indian participation on regional and global value chains has increased to remain lesser than other strong manufacturing economies. Some of the policy measures suggested by Mr. Kher are sectoral policy development, tariff rationalisation, trade infrastructure, logistics, standards ecosystem, services liberalisation, forward participation and neighborhood and extended neighborhood trade policies, among others.

Dr. Sonia Sethi, IAS, Additional Director General of Foreign Trade, Directorate General of Foreign Trade, Mumbai Zonal Office, recalled that Hon'ble Prime Minister of India, Shri. Narendra Modi has set a target of USD 5 trillion for the size of the Indian economy by 2025. Maharashtra aims to become a USD 1 trillion economy by 2025. Global Value Chains play an

important role in achieving this ambitious growth target. Government of India is working out a strategy to upgrade ports and other logistics infrastructure in the country. Government of India has also taken various measures such as introduction of GST, improving ease of doing business, implementing electronics manufacturing policy, among others to promote Global Value Chains in the country, Dr. Sethi added.

Dr. Nadim Ahmad, Head -Trade and Competitiveness Statistics Division, Statistics Directorate, Organization for Economic Co-operation and Development (OECD), The key factor for integration into GVCs is to identify and capitalise on the cost and comparative advantages. Today, small firms can be integrated into GVCs in ways that were not imagined earlier. MSMEs must identify their area of specialisation, where they can best integrate into GVCs.

Policymakers must introduce trade facilitation measures to improve the ease of trading across borders by MSMEs. He specifically called for the paperless system of trading across borders. There is a growing emergence of regional value chains (RVCs) around Europe, Asia and Americas.

### Award Ceremony

All India Association of Industries (AIAI) and World Trade Centre Mumbai felicitated around 20 business organizations for their outstanding contribution to Global Value Chains.

These organisations facilitate small and medium enterprises (SMEs) integrate into Global Value Chains directly or indirectly by offering innovative financial services, logistics services, marketing services and technology solutions. Following were the awardees:



- Mr. Sameer Nagle, General Manager-Mumbai Zonal Office, Gujarat Co-operative Milk Marketing Federation Ltd. was honoured in recognition of the organisation's excellence in the 'Agro-processing' sector.
- Mr. Chandrashekar S. Shetty, Founder and Managing Director, Crystal Automation Pvt. Ltd. was honoured in recognition of the organisation's excellence in the 'Manufacturing' sector.
- Mr. Mitul Mehta, Senior Vice President - Marketing & Communications, Datamatics Global Services Ltd. was honoured in recognition of the organisation's excellence in the 'IT Services' sector.
- Mr Samir Tamboli, Assistant General Manager - Marketing, Endress + Hauser (India) Automation Instrumentation Pvt. Ltd. was honoured in recognition of the organisation's excellence in the 'Manufacturing' sector.

- Mr. A. K. Singh, General Manager - Western Region, Container Corporation of India Ltd. was honoured in recognition of the organisation's excellence in the 'Logistic Services' sector.
- Mr. Suresh Ghag, General Manager & Head - IT and Mr. Litesh Majethia, Senior Vice President & Head - Supply Chain Finance, Bank of Baroda was honoured in recognition of the organisation's excellence in the 'Financial Services' sector.
- Ms. Seema Parkhe, Company Head, Phinix International was honoured in recognition of the organisation's excellence in the 'Agro-processing' sector.
- Mr. Akash Agarwal, Director - Business Development, Shubham Starch Chem P. Ltd. was honoured in recognition of the organisation's excellence in the 'Manufacturing' sector.
- Mr. Mayank Shah, Chief Innovation Officer and Mr. Abhinandan Singh, Chief Marketing Officer, Mak Design was honoured in recognition of the organisation's excellence in the 'IT Services' sector.
- Honouring of Mr. Manoj Singh, Senior Vice President & Head - Cargo, Mumbai International Airport Pvt. Ltd. - GVK, in recognition of the organisation's excellence in the 'Logistic Services' sector.
- Mr. Shateaum Sewpaul, Director Co-ordination - Africa Continent, Mr. Rajiv Reemul, CEO and Dr. S. K. Chadda, CMD, PSA Advisers Ltd., Mauritius was honoured in recognition of the organisation's excellence in the 'Trade Facilitation Services' sector.
- Mr. Yogesh Nakhwa, Vice President - Operations & Business Excellence, NeoGrowth Credit Pvt. Ltd. was honoured in recognition of the organisation's excellence in the 'Fintech Services' sector.
- Mr. Datta Shinde, Chairman and Mr. Shankar Shinde, Managing Director, Global Express Multilogistics Pvt. Ltd., was honoured in recognition of the organisation's excellence in the 'Logistic Services' sector.
- Ms. Priya Choksi, Co-Founder and Mr. Samit Choksi, Co-Founder, PHI was honoured in recognition of the organisation's excellence in the 'Technology Innovation' sector.
- Mr. Guruprasad Rao, Director - Mentor, Imaginarium was honoured in recognition of the organisation's excellence in the 'Technology Innovation' sector.
- Mr. Hemant Mishr, CEO, iLoanz was honoured in recognition of the organisation's excellence in the 'Fintech Services' sector.
- Mr. Maruti Pawar, Head, Amtronics Techno Pvt. Ltd. was honoured in recognition of the organisation's excellence in the 'Manufacturing' sector.
- Mr. Sanjay Tiwari, Global Head of Sales, Maersk Trade Finance was honoured in recognition of the organisation's excellence in the 'Financial Services' sector.
- Mr. Prashant Kashikar was honoured on behalf of Mr. Madhavrao Bhide, Founder & Managing Trustee, Saturday Club Global Trust, in recognition of the organisation's excellence in the 'Trade Facilitation Services' sector.
- Mr. Shirishchandra Shah, COO, Portall and Mr. Prasad Patil, CTO, J M Baxi Group, Portall Infosystems Pvt. Ltd. was honoured in recognition of the organisation's excellence in the 'Logistic Services' sector.



## Key Recommendations

The following were the key recommendations that were derived from the panel discussion discussions during the Summit:

- Government of India must frame a value chain-based export policy to encourage Indian SMEs to participate in GVCs
- Studies by OECD show that countries can reduce upto 15% of trade cost by effectively implementing trade facilitation measures
- Government and business must work towards attracting trade and investment, rather than erecting protectionist barriers
- MSMEs must assess to what extent the trade facilitation efforts taken so far have benefitted them. Effective interaction among MSMEs and policymakers is necessary so that the latter can understand the impact of policy measures on industry
- Government must allow foreign direct investment (FDI) in India's retail sector in a calibrated manner. FDI in organised retail can accelerate employment generation, improve logistics infrastructure, reduce post-harvest food wastage, enhance India's exports and make the consumers happy and satisfied
- SMEs must change their mindset and start seeking technology support from government, rather than approaching government for protection, subsidies and preferential procurement policies
- SAARC countries can enhance their intra-region trade from current 5% to 50% by addressing a few constraints that hamper Global Value Chains
- India is expected to be a huge market for lithium ion batteries because of reduction in its production cost. Creating manufacturing capacity for domestic production of lithium ion cells is a priority of Government of India. MSMEs and startup companies must explore business opportunity in this sector
- A typical trade between Kenya and Rotterdam involves 30 intermediate agencies and around 200 documents. Blockchain technology can remove these intermediate agencies and documentation
- India suffers from huge delay and cost overrun in logistics infrastructure projects because of the involvement of multiple agencies or multiple ministries. India must learn from the initiatives of countries such as Malaysia and Thailand that created effective ecosystem of logistics services to reduce cost



# Photo Gallery



*Mr. Vijay Kalantri, President, AIAI with Sir Anerood Jugnauth, Former Prime Minister of Mauritius*



*Mr. Vijay Kalantri, President, AIAI with Mr. Devendra Fadnavis, Hon'ble Chief Minister of Maharashtra during an event*



*Mr. Vijay Kalantri, President, AIAI during a meeting with Mr. Nitin Gadkari, Hon'ble Minister of Road Transport and Highways, Government of India*



*Ms. Sangeeta Jain, Director, AIAI, Mr. Y.R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai, Shri C. Vidyasagar Rao, Hon'ble Governor of Maharashtra, Mr. Vijay Kalantri, President, AIAI and Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai during a meeting held at Rajbhavan*



*Mr. Ade Sukendar, Consul General of Indonesia in Mumbai, Mr. Vijay Kalantri, President, AIAI and Mr. Fauzi Bowo, Governor of Jakarta during an event*



*Mr. Kamal Morarka (Photographer) Chairman, MVIRDC World Trade Centre Mumbai, Mr. Yashwant Sinha (Chief Guest), Former Finance Minister, Government of India, Ms. Bharati Morarka, Mr. Vijay Kalantri, President, AIAI and Mr. Ravindra Manchanda at the Exhibition of WildLife Photograph.*

# Photo Gallery



Mr. Vijay Kalantri, President, AIAI with Mr. Klass Kielstra, Vice Governor of Leeuwarden during the 49th WTCA General Assembly at Leeuwarden, Netherlands



Mr. Vijay Kalantri, President, AIAI with Mr. Jianrong Yang, Chairman, World Trade Center Shanghai during the 49th WTCA General Assembly at Leeuwarden, Netherlands



Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai, Mr. Sander de Rouwe, Vice Governor of Fryslân, Mr. Ravinder Manchanda, Treasurer, Delhi District Cricket Association, Mr. F.J.M. Crone, Mayor of Leeuwarden and Mr. Vijay Kalantri, President, AIAI at 49th WTCA General Assembly at Leeuwarden, Netherlands



Signing of the MoU between All India Association of Industries and Netherlands India Chamber of Commerce and Trade (NICCT) in the presence of from (L-R) Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai, Drs. Ryan Tewari, Chairman, NICCT, Mr. Vijay Kalantri, President, AIAI and Mr. Firoze Adhyarujina, Sr. Advocate Supreme Court during the 49th WTCA General Assembly at Leeuwarden, Netherlands



Mr. Vijay Kalantri, President, AIAI, Mr. Jean-Claude P. Cantave, World Trade Center Haiti, Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai, Mr. Ravinder Manchanda, Treasurer, Delhi District Cricket Association and Mr. Firoze Adhyarujina, Sr. Advocate Supreme Court during the 49th WTCA General Assembly at Leeuwarden, Netherlands



Mr. Vijay Kalantri, President, AIAI with Mr. Hongshan Zhang, Chairman, WTC Harbin and his team at the 49th WTCA General Assembly at Leeuwarden, Netherlands

# Photo Gallery



*Mr. Liang Ye, Secretary, China Communist Party Harbin Nangang District Committee, Ms. Sangeeta Jain, Director and Mr. Vijay Kalantri, President, AIAI at 49<sup>th</sup> WTCA General Assembly at Leeuwarden, Netherlands*



*Mr. Vijay Kalantri, President, AIAI with R.F. Friso Douwstra, Vice Mayor and Head of Leeuwarden Mayor Secretariat (center) at during the 49th WTCA General Assembly at Leeuwarden, Netherlands*



*Mr. Vijay Kalantri, President, AIAI with Luc Arnouts, Director International Relations, Antwerp Port Authority during a meeting in Mumbai*



*Dr. Norbert Revai-Bere, Consul General of Hungary, Mr. Vijay Kalantri, President, AIAI and Ms. Saroja Sirisena*



*Mr. Alejandro ZOTHNER MEYER, Acting Consul General of Argentina in Mumbai, Mr. Deepak Kesarkar, Minister of State for Home (Rural, Finance and Planning), Govt. of Maharashtra, Mr. Vijay Kalantri, President, AIAI and Mr Ajit Singh, Consul-General of Singapore in Mumbai during an event.*



*Mr. Vijay Kalantri, President, AIAI with Mr. A.N. Zhiltsov Consul General of the Russian Federation in Mumbai during signing of the condolence book regarding the tragedy in the Siberian city of Kemerovo*



*Mr. Dhiraj Kumar, Actor and Mr. Mukesh Sharma and Mr. Vijay Kalantri, President, All India Association of Industries*



*Mr. Vijay Kalantri, President, AIAI, Mr. Edgard Kagan, Consul General of USA in Mumbai and Ms. Cynthia during an event*





All India Association of Industries



At AIAI, its our continuous endeavour to raise issues pertaining to trade and industry. We strongly believe that Indian companies and especially MSMEs will help to shape our economy and we take pride in creating an effective platform between MSMEs and policy makers. We are thankful to our members for their constant support in our journey. We look forward to our members' suggestions to help us in creating meaningful representations to governments for the betterment of business and industry. We hope that these along with our programmes will help us to grow and serve you better.

### Promotional & Marketing Services

AIAI Promotional and advertising facilities provides you an opportunity to promote your products and services to reach key businesses and industry sectors.

#### ★ Advertisement ★

AIAI News a quarterly magazine, covers various activities of the Association, articles on current economic topics and other relevant information on trade and industry. The newsletter is circulated to 2000 plus members of the business fraternity, trade promotion bodies, Consular Corps and Indian Missions overseas.

We have various options for advertising in our newsletter to reach the right audience.

#### ★ Advertorial ★

Advertorials are an extremely powerful marketing tool for businesses to attract and develop a trusted relationship with target audiences. By providing relevant and insightful information, advertorials can encourage brand loyalty and create bonds with readers that goes beyond the 'direct' sales approach.

We can provide you with customized advertorial options in the quarterly issue of the AIAI News.

#### ★ Event Sponsorship ★

You can connect with your target audience by supporting an AIAI event, The AIAI events, seminars, workshops, trade fairs, business meetings, trade delegations, economic summits and business forums offer significant opportunities for effective marketing and competitive advantages.

As an event sponsor, you will be able to achieve higher brand recognition, image enhancement and maximize visibility to focused domestic and international businesses.

#### ★ Website Branding ★

A write up on your organization and its products/services will be uploaded on the AIAI website at a nominal cost.

#### ★ Customized Promotional Services ★

We provide altered combinations of promotional modes as per your prerequisite.  
For more details contact us on 022-22019265 or email us at [info@aiaiindia.com](mailto:info@aiaiindia.com)



## GIFTEX 2018



Held in Makuhari Messe, Japan organized by Reed Exhibitions Japan Ltd.

### FACTS & FIGURES:

The exhibition was attended by more than 1,220 exhibitors from 30 business & professional visitors from around the world.

The Lifestyle Expo Tokyo consists of 6 specialized B2B shows for gifts, babies and kids items, health and beauty products, design products, tableware, kitchenware, fashion accessories and interior products.

Namely :

1. 1st International Variety Gift Expo
2. 1st Baby & Kids Expo
3. 1st Fashion Hoods & Accessories Expo
4. 1st Tableware Expo/6th Kitchenware Expo
5. 1st Health & Beauty Products Expo
6. 1st Interior Products Expo

50,287 professional buyers from Australia, Brazil, Bulgaria, Canada, China, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Malaysia, Netherlands, Oman, Poland, Russia, Singapore, South Korea, Spain, Taiwan, Thailand, turkey, UAE, UK and USA

AIAI led a delegation of 10 Exhibitors from India. Through AIAI, exhibitors availed MSME support.

Each delegate had around 30 - 40 meetings per company. No business generated but definitely feel

with follow ups they could confirm an order

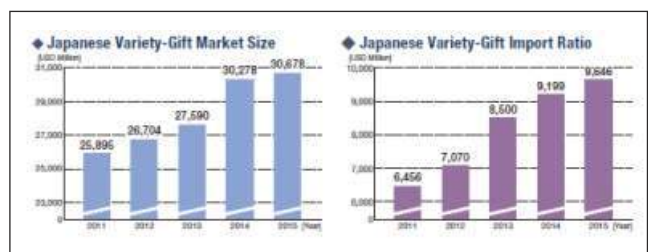
The Japanese Variety-Gifts Market Has Been Growing Steadily

As shown in the graph, the Japanese

Variety-Gifts market has been maintaining a strong and stable market with steady growth.

Especially in the Japanese Variety-Gifts market, demands for imported Variety-Gifts are increasing every year.

Now is your time to enter Japan!



### Business Generated

Based on the initial feedback received, the Indian participants received 300 enquiries worth USD 3 Million. The various enquires however are expected to materialize in near future which will further increase the volume of business. Other participants felt that it was the strong step towards building a base in Japan as the need of the hour is to explore such markets.

According to one of the delegate their participation proved to be an initial market survey that has helped them in assessing key players in their segment and also demonstrated to the Japanese counterparts that Indians mean business are ready to come to their doorstep to offer their services

The exhibitors participating in the fair show through MSME India Pavilion, were satisfied with the arrangements that were provided for their booth and the trade fair. The visitor turnout was also good and they got some good responses for their respective

products and segments which shall prove to be useful as business leads to follow up and convert into sales revenue.

Apart from the business perspective it was also a good opportunity to have international exposure meeting international business visitors and exhibitors. Overall it was an enriching experience and proved to be a good decision in participating in the exhibition thanks to the support extended by the Ministry of MSME.



Event supported by AIAI	
<p><b>3<sup>rd</sup> National Summit – Sustainable Water &amp; Sanitation Summit 2018</b>                      Date: 18-19 January, 2018                      Venue: Bengaluru</p>	<p><b>Children Baby Maternity Industry Expo 2018</b>                      Date: 26-28 April, 2018                      Venue: Mumbai</p>
<p><b>Global Industrial Showcase 2018</b>                      Date: 23-25 January, 2018                      Venue: Mumbai</p>	<p><b>CAPINDIA 2018</b>                      Date: 22-24 March, 2018                      Venue: Mumbai</p>
<p><b>Water Today's Water Expo 2018</b>                      Date: 8-10 February, 2018                      Venue: Chennai</p>	<p><b>Worldbuild India 2018</b>                      Date: 19-21 April, 2018                      Venue: Mumbai</p>
<p><b>India CFO Summit 2018</b>                      Date: 16 February, 2018                      Venue: Mumbai</p>	<p><b>2<sup>nd</sup> Urbanize@India 2018</b>                      Date: 22-23 March, 2018                      Venue: Hyderabad</p>



## Uganda is Prime Investment Destination for India

I feel honored to officiate at the First Uganda-India Investment Conference aimed at accelerating trade and investment between the two countries. It

is my hope and desire that this Conference will strengthen the centuries-old bilateral relationship between our people. Uganda looks up to businessmen and women in India as engines of business and trade to spur development for our people and nations. Our first contact occurred in the 19th century during the construction of the Kenya-Uganda railway. This Conference is emphasizing three key areas of commercial diplomacy, namely: investment, trade and tourism. These are important areas of focus for Uganda which is the principle hub of business solutions, knowledge dissemination and business interaction in the Great Lakes Region of Africa. In the last 15 years, Uganda's average annual GDP has been

growing at 6% and this prompted World Bank to rank the country among the top ten business and investment destinations in Africa," said H.E Edward Kiwanuka Ssekandi, Vice President, Government of the

Republic of Uganda at the first Uganda-India Investment Summit organized by All India Association of Industries (AIIAI) and World Trade Centre Mumbai.

Speaking further about the potential areas of collaboration, H.E Edward Ssekandi said, "Uganda is ripe for investment in sectors such as agribusiness, fisheries, forestry, manufacturing, mining, financial services, tourism, ICT and infrastructure development. Uganda is a prime investment destination for India."

Highlighting the investment climate in Uganda, H.E Edward Ssekandi said, "Today, Uganda is a prime investment destination in Africa due to a predictable business environment, fully liberalized economy, market accessibility, security for investment, first

arrival privileges in the form of tax exemptions and a healthy political environment. The Uganda Government will continue to ensure a stable, safe and conducive environment for business; by instituting appropriate policies and putting in place physical infrastructure to ease conduct of business in the country.

Speaking on this occasion, Hon. Mr. Kafabusa Werikhe Michael, Minister of State for Trade, Ministry of Trade, Industry & Co-operatives, Government of the Republic of Uganda said, "Uganda's competitive advantage are agro-processing, fisheries, minerals (gold, phosphate, uranium, copper etc.). Uganda has also found itself in the world map for its rich crude oil reserves and refinery capacity. Farmers in Uganda produce 3 crops in a year as the country is gifted with

tropical and temperate climate zones and also because 90% of land is arable. We can cultivate four crops a year with investment on advanced farming technologies. In the tourism sector, Uganda has the 2nd largest river in the world and

adventurous sports such as river rafting and bungee jumping, rare species of animals such as mountain Gorilla, lions and 50-60 species of birds. The climatic condition is also favourable with temperature ranging between 18-27 degree Celsius throughout the year. Uganda is also rich in culture."

Speaking about the ease of doing business in Uganda, Hon. Ms. Joy Kabatsi, Minister of State Agriculture, Animal industry, Fisheries, Government of the Republic of Uganda pointed out, "Foreign investors can register a business in 2-3 days as the government has launched one-stop-centre for all procedures such as work permit, environment assessment, tax compliance etc. The government is introducing online registration facility for investors. Foreign investors can also avail free land and other



H.E Edward Kiwanuka Ssekandi, Vice President, Government of the Republic of Uganda being felicitated by Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Madhusudan Agrawal, Hon. Consul of Uganda in Mumbai (left)



(From L to R) Mr. Madhusudan Agrawal, Hon. Consul of Uganda in Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. David Rasquinha, Managing Director, EXIM Bank, Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre Mumbai, H.E Ms. Grace Akello, High Commissioner of Uganda in India, H.E Edward Kiwanuka Ssekandi, Vice President, Government of the Republic of Uganda, Mr. Jayakumar Rawal, Hon'ble Minister, Employment Guarantee Scheme and Tourism Development, Government of Maharashtra, Prof. Ram Shinde, Hon'ble Minister of Water Conservation, Protocol, Government of Maharashtra, Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra and Mr. Rajagopal Devara, Principal Secretary & Chief Protocol Officer, Government of Maharashtra

incentives if they invest in industrial parks beyond the capital city. Some of the incentives available for foreign investors are concessional power tariff and tax holiday for 10 years. The Government guarantees security and safety for all investors.”

In her remarks, H.E Ms. Grace Akello, High Commissioner of Uganda in India said, “This Conference is a landmark event in the history of India-Uganda relationship which dates back to 1890s. After 120 years, let us renew our relationship by exploring new frontiers for collaboration, especially with this great city of Mumbai. Our centuries old relationship has brought us here. India and Uganda are brothers and sisters.”

Sharing his perspectives on bilateral relationship, Mr. R.K Gupta, CMD, WAPCOS said, “WAPCOS is involved in 2 projects in Uganda, of which one is the hydropower project and the other is a 2900 km power transmission project. Our organisation is involved in consultancy services abroad for projects in hydropower, thermal, irrigation, roads, hospitals and other sectors. We are present in 46 countries, out of which 27 are in Africa.”

Speaking on this occasion, Mr. David Rasquinha, Managing Director, EXIM Bank said, “Uganda is a gateway to 150 million consumer market in East Africa. The economy of Uganda is growing 60% faster than other African countries. India must explore opportunities in the food processing sector, especially in processing fruits such as pineapple. Other food processing sectors such as dairy and sugar also offer promising opportunities.”

Government of Uganda seeks funding from EXIM

Bank of India for development projects such as USD 270 million Uhuru Hydro Power Project, USD 141 million electricity lines and substations project, USD 64 million dairy project, USD 100 million Kampala industrial and business park project, among others.

Earlier in his welcome remarks, Mr. Vijay Kalantri, President, All India Association of Industries, said, “Today, the trade between India and Uganda is hardly USD 600 million. We must aim to double this next year and grow it to USD 2,000 million in 3 years. Today, many large corporate houses such as Tatas and Ajanta Pharma already have presence in Uganda. Now, we need to encourage SMEs to explore business in this African country. India has a vast and vibrant MSME sector covering a wide range of activities. Similarly, Uganda is endowed with rich natural resources backed by a strong MSME sector. Opportunity for co-operation in the MSME sector could be explored with great advantage. Uganda's GDP is growing at a significantly high rate of 6%.”

Speaking further on India-Uganda partnership, Mr. Kalantri said, “India's Prime Minister has emphasized on strengthening collaboration with African countries. India is setting up an India-Africa Institute of Foreign Trade (IAIFT), which is one of the 5 institutes offered by India at the pan-Africa level.”

Mr. Kalantri suggested focused area meetings targeting specific sectors for collaboration between both the countries in the areas of natural resources, agriculture/agro-processing, infrastructure development, ICT, mining and mineral development, energy, healthcare and tourism.

While proposing vote of thanks, Mr. Madhusudan

Agrawal, Hon. Consul of Uganda in Mumbai said, "The visit of this High Level Delegation from Uganda indicates the importance given by Government of Uganda for bilateral partnership with India. Last year,

GR Sponge & Power Ltd for a USD 50 million project, while the third LoI was signed by Intelizon Energy Uganda Ltd for a USD 50 million.



Prime Minister of Uganda H.E. Mr. Ruhakana Rugunda visited India. During this visit, USD 300 million worth LoIs were signed between the two countries. India's contribution to the economy of Uganda is extraordinary. Indian companies contribute nearly 65% of tax revenue to Government of Uganda."

A key highlight of the event is the signing of 3 Letters of Intent (LoIs) by Indian businessmen with the Vice President of Uganda in the energy and mining sectors. The first LoI was signed by Samta Mines & Minerals Ltd for a USD 500 million, the second LoI was signed by

The event was attended by Consular Corps, government officials, representatives of trade and industry, financial institutions, education institutions and members of press.

The 2-day event also features around 1000 B2B Meetings, presentations on investment and tourism opportunities in Uganda and cultural programmes.

The Conference was sponsored by Ajanta Pharma, WAPCOS and EXIM Bank.

### AIAI's expectation from Union Budget

The Union Budget to be presented by the Union Finance Minister, Mr. Arun Jaitley, on February 01, should address following concerns said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI)

- Rationalization and simplification of Direct Taxes (Income Tax)
- Rationalization and simplification of rules and regulations in regard with the Goods and Services Tax (GST)
- Reduction in Income Tax rates for Corporates to 30% and hike in individual tax payer's limit to 5 Lakhs as per inflationary index.
- Reduction in interest rate for MSME/ infrastructure projects on lines with home loans.
- Long term infra funding bonds and credit to infrastructure sector in line of international funding.

## Global Value Chains – An Analytical Perspective

**G**lobal Value Chain (GVC) is a revolutionary business concept that has the potential to create mutually beneficial relationship between large companies and micro, small & medium enterprises (MSMEs) across different countries. According to an estimate by UNCTAD, trade in intermediate goods across various stages of value chain accounts for about 60% of global trade.

GVC refers to the sharing of different stages of production by different firms across various countries. GVC scatters the entire supply chain of a product, which includes design, production, marketing, distribution and customer support, across different countries. Typically, in a GVC, multinational companies, or lead companies, outsource different stages of the supply chain to multiple countries that offer cost and market advantage.

From paperboard to motherboard, fragmentation of production process across national borders has become a dominant business strategy for companies. Globalisation in the early 20th Century was marked by exports, imports and foreign investment. However, the defining feature of globalization in the latter half of the 20th Century is the fragmentation of value chain across national borders. Today, goods and services are no longer produced entirely within national borders as various intermediate components and input services are sourced from foreign countries.

This process of spreading various stages of value chain across different countries offers tremendous business opportunity for MSMEs, especially in the developing and least developed countries. MSMEs tend to benefit from training, transfer of technology, and long term business relationship with multinational companies in the global value chain.

The future growth of MSMEs lies in making them strategic partners to multinational companies, who are lead firms in value chain.

According to the International Council for Small Business (ICSB), MSMEs account for more than 90% of all firms, employ 60-70% of labour force and contribute 50% to GDP globally.

Therefore, developing a sustainable symbiotic relationship between MSMEs and lead firms will result in inclusive economic growth.

Developing countries can gain from integration with GVCs as their MSMEs would get access to a larger

market, without facing the deterrence of manufacturing the finished goods themselves.

Countries such as Japan, South Korea, Taiwan, China and Mexico have proved that GVC is an effective tool to address sustainable development agenda such as reducing poverty, enhancing living standards, education, skill development and promoting overall economic growth.

The typical pattern of a GVC consists of a developed country contributing to high value-added activities such as research and design in the initial stages of the value chain; the low value-added activity of manufacturing such as assembling is then carried out by a developing country with cheap labour; finally again, the high value-added activities of marketing, distribution and after-sales services are carried out in developed countries which are consumers of the final products.

The developing countries gain from increased access to newer technologies; however, developed countries with highly-skilled labour tend to reap greater benefits from the process. Still, protectionist measures in the form of tariff and non-tariff barriers tend to make a developing country's imports of inputs costlier, thereby hampering the export-competitiveness of their intermediate value-adding industries that can be a part of the GVC and disrupting the GVC.

What is more required is skill development of the people to take up high value-added jobs, improving logistics infrastructure for smooth movement of goods within the economy and outside, promoting investor-friendly policies, rationalization of labour laws, as well as harmonization of standards for better integration in the GVCs.

MSMEs, in both developing and developed economies, face several challenges in joining GVCs. Some of the challenges faced by MSMEs in participating in GVCs are small scale of operation (leading to high cost of production), ignorance about international customers for their products, inability to comply with global quality standards, inadequate capacity to handle large contracts from foreign firms, lack of managerial and marketing expertise and so on. Large companies assess the competitiveness of local SMEs before integrating them into their global value chains.

## GVCs – A cross-country Analysis

A study done jointly by the international think tank OECD and the World Trade Organisation shows that India has gradually stepped up its integration into GVCs over the last two decades. This is reflected in the sharp rise in the foreign content of its exports from less than 10% in 1995 to nearly 25% in 2011. However, there is significant difference in the level of integration of different industries in India with the GVC. While India is considerably integrated in the global value chain of business services, especially software services, the same cannot be said for most of the manufacturing sectors other than automobiles, textiles.

India's automotive industry is well integrated with the GVC so much so that almost all the prominent automobile manufacturers in the world have presence in India and many Indian MSMEs supply auto components to foreign automobile manufacturers. The successful integration of India's automotive sector in the GVC needs to be replicated in many other sectors where India has comparative advantage.

Economies such as China and Germany have attained tremendous economic growth by integrating themselves in GVCs. China sources 13% of its total value of exports from neighbouring Asian countries, while Germany sources 14% of its total value added in exports from neighbouring European countries (according to OECD estimates). Currently, India is not as well integrated in the GVC as these countries are. Therefore, there is tremendous scope to explore the sectors where India can gainfully participate in the GVCs.

Although economists and trade policy analysts are still studying the impact of GVCs on economies, experience of East Asian countries like South Korea, Singapore, Thailand shows that participation in the GVCs leads to faster growth in per capita income, rise in employment opportunities and reduction in poverty rate.

Considering the economic benefits of integrating with the GVCs, the Indian government has adopted progressive policy measures such as simplifying the

procedures for export and import, boosting logistics and supply chain infrastructure through industrial corridor projects, pursuing Make in India campaign, improving the ease of doing business, liberalizing foreign direct investment regime, to name a few.

## Potential for GVCs in Maharashtra

Maharashtra is one of the foremost states of India in terms of investments, exports and its contribution to the GDP. The state attracts huge FDI owing to its investor-friendly policies, proactive governance and infrastructure availability.

Cities such as Mumbai, Thane and Pune are home to major industrial activity and have become prominent business hubs. Maharashtra is also home to major ports such as JNPT, MBPT and minor ports such as the Dighi port.

The state attracts investments in heavy industries such as petroleum products, metal and metal products, machinery and transport equipment as well as other major industries such as textile, food and agro-based products, drugs and pharmaceuticals, plastic products and information technology.

These industries also constitute the major exports of Maharashtra and enhancing investments in these industries can enable the state garner a larger pie of the global trade wherein India's share is nominal right now.

Considering that Maharashtra is home to major industrial hubs such as Mumbai and Pune, there is tremendous scope for MSMEs to set up ancillary clusters in the state and be a part of GVCs.

While various districts in Nashik and Pune divisions are home to ancillary industries due to their strategic location, many districts in Aurangabad, Nagpur and Amravati divisions need to scale up.

These regions have the potential of adding to the existing engineering, textile and agro-processing clusters in Maharashtra that can provide raw materials to the major industries in the Mumbai and Pune regions to further Maharashtra's development, as also accentuate its exports, which should be encashed.





## UGANDA – THE 'PEARL OF AFRICA'



Uganda, the 10th most populous country in Africa, is located in the East African region bordering South Sudan in the north, Kenya in the east, Tanzania in the south and Democratic Republic of Congo in the west.

Population in Uganda is said to be one of the youngest and it is growing at a rapid pace with one of the world's highest total fertility rate of 5.8 children per woman.

The central and southern Uganda, especially along the shores of Lake Victoria and Lake Albert, is densely populated and the northeastern part of the country is the least populated.

Uganda is the fastest growing economy in East Africa with an average annual growth of 7.7% since the year 2000. Although the economic growth slowed to 2.3% in 2016, it has recovered subsequently to 4.8% in 2017 and it is expected to grow 5.9% in 2018. According to a report by African Development Bank, the economic recovery of Uganda in 2018 will be driven largely by public infrastructure investment and recovery in the manufacturing and construction sectors. In the services sector, the key growth drivers will be the financial services, trade, transport, and information and communication technology services.

Government of Uganda promotes stable macroeconomic condition with emphasis on containing inflationary pressures and maintaining exchange rate stability.

The economy is also expected to benefit from improvement in agriculture production on the back of better weather conditions and rise in foreign direct investment (FDI) following the recent issuance of oil exploration licenses.

The industrious people, progressive government policies and availability of natural resources together position this country as an attractive destination for foreign investors.

Agriculture is a major contributor to the economy of Uganda and the country is a leading producer of coffee, bananas, oil seeds, besides other crops such as cotton, tobacco, cereals, fruit and vegetables, to name a few. It is also a major source of livelihood for the masses and it employs 72% of the work force.

Uganda is bestowed with enormous natural resources, especially mineral deposits of phosphates, gold, zinc, wolfram, petroleum, diamond, vermiculite and silica, to name a few.

Uganda has huge potential for tourism as it is popular for mountain gorillas, mesmerizing bio-diversity hotspots and the enchanting Nile River. The pristine ecosystem and natural beauty of the country has made it the 'Pearl of Africa'. Uganda is home to more than 1000 species of birds and 500 species of mammals. The four major lakes and 160 minor lakes, rivers, swamps and flood plains are the nature's bounty that enriches Uganda's tourism, agriculture, fisheries and water transport. Located strategically around Lake Victoria, the economy is supported by vital water transport corridors connecting Kenya and Tanzania.

The country has developed a strong education system supported by more than 15,000 universities that churn out thousands of graduates every year. Government of Uganda has liberalized all sectors for private investment by permitting 100% foreign ownership.

Uganda has a vibrant manufacturing sector that has



witnessed more than 10% annual growth in the last eight years. The economy holds huge potential for investment in agro and forest-based industries especially beverages, tobacco, paper, textiles, fertilizers. Other emerging manufacturing sectors in the economy are leather, pharmaceuticals, fabrication, ceramics, glass, plastics, electronic goods, to name a few.

Traders in the country enjoy preferential market access to the Common Market for Eastern and Southern African States (COMESA), a region with a population of more than 400 million people in 19 countries. More significantly, Uganda is one of the nearly 50 countries that have signed the African Continental Free Trade Area (AfCFTA). Therefore, the country can be a potential gateway for foreign investors to Africa, which is home to more than 1 billion consumers.

Exploration of crude oil is an emerging sector in Uganda with the discovery of oil reserves in recent years. The country confirmed the discovery of around 6.5 billion barrels of crude oil reserves in 2006 in the Lake Albert basin. Subsequently, many foreign and domestic companies are investing on crude oil production facilities, refining facilities and pipeline infrastructure for transporting oil to neighbouring countries. According to a report by World Bank, Uganda could earn up to USD 3 billion in revenue from exports of up to 60,000 barrels of oil per day.

Government of Uganda decided to invest on development of crude oil production and refining infrastructure in early 2018 in response to the increase in crude oil prices in the international market in recent months.

Production of crude oil is expected to boost the country's economic growth to 7-10% from the current level of 4-5%. Furthermore, the government is looking to build several hundred million dollars' worth of highways to connect the oil region to the rest of the country.

In the services sector, Information and Communication Technologies (ICT) is emerging as a potential area of investment. Some of the emerging segments in this sector are software development, business process outsourcing services, ICT infrastructure and broadband services, hardware repair training facilities, to name a few.

#### Policy Reforms

Uganda has witnessed sustained economic growth and reduction in poverty since the National Resistance Movement (NRM) led by President Yoweri

Museveni spearheaded structural reforms and investments. Government of Uganda also introduced ambitious reforms in the public sector in the last two decades. World Bank has lauded the Government of Uganda's efforts in developing stable policy and legal framework with the Public Financial Management Act (2015).

The national government has taken tremendous efforts to bring about a robust formal governance system and has helped improve public sector management and institutional quality.

#### India-Uganda Relationship:

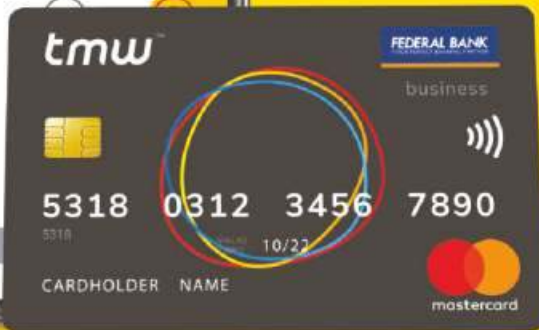
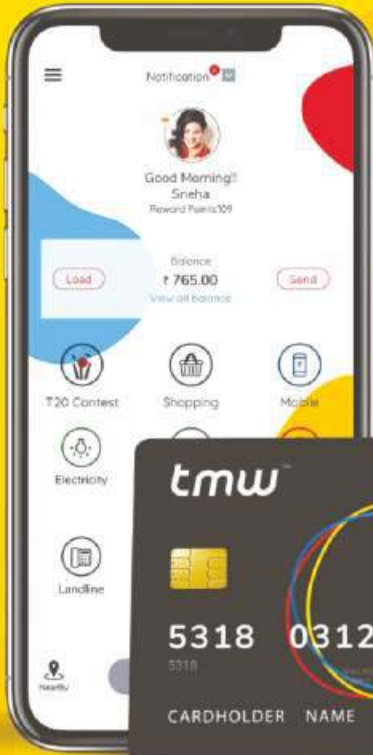
Uganda shares age-old economic, social and cultural ties with India. Many Indians were involved in the construction of the Kenya-Uganda railway during the 19th century. Uganda has a sizeable Indian community. There are more than 26,000 Indians living in Uganda and engaged in business across businesses across manufacturing, agro-processing, sugar, banking, real estate, tourism, hotels, and information technology.

In fact, Indian businesses in Uganda employ thousands of local people and they contribute around 65% of income tax revenue to Government of Uganda. It is said that more than 70 Ugandan businessmen travel to India to explore business opportunities annually.

India has a favourable trade balance with Uganda with total annual export of USD 494 million and total import of USD 68 million (as of 2016-17). Major imports of India from Uganda are coffee, tea, mate, spices, cocoa and cotton. India exports pharmaceutical products, auto and auto-components, machineries, plastic and plastic products to Uganda.

Government of Uganda and India are working together to strengthen their age-old relationship across all dimensions. India's southern state of Andhra Pradesh has entered into a deal with Uganda to cultivate 20,000 acres land in that country with the help of Indian farmers. India is also setting up a Food-Processing Business Incubation Centre in Uganda to offer necessary skills and technology support to the local industry.

India is also assisting Uganda in setting up a Material Testing Laboratories for Highways (MTLs) under the India-Africa Forum Summit. It is worth mentioning that Uganda was identified as the host country for setting up India-Africa Institute of Foreign Trade (IAIFT), which is one of the 5 institutes offered by India at the Pan-Africa level.



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