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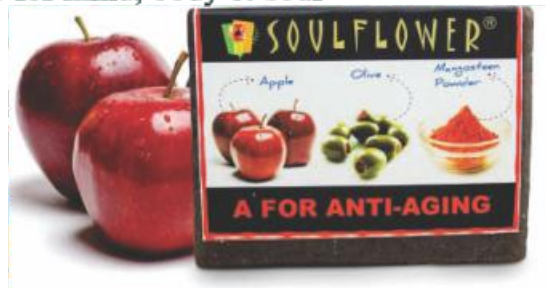
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PRESIDENT DESK



At the outset, we sincerely apologize for the delay in publication of this newsletter due to certain technical glitches. We humbly seek your understanding and thank you for your patience.

In this combined issue of the two volumes of May- August 2018 and September – December 2018, we are pleased to report several important activities which were conducted with your valued support and active involvement. The Association had organized a number of trade related programs during the period under review such as Panel discussion on 'Unlocking BIMSTEC Potential: Trade, Investment and Connectivity', Interactive meeting on 'Trade and Investment Opportunities in Sri Lanka', Panel Discussion on 'How to Revive Stagnant Exports', all of which were well attended and highly appreciated.

The World Trade Expo was co-organized with MVIDC World Trade Center Mumbai bringing together Embassies/Consulates/TPOs with a view to establish and strengthen trade and investment co-operation with overseas business partners, promote tourism and other related sectors. The World Trade Expo showcased the trade and investment potentials of over 18 countries.

AIAI represented at the Plenary Session of the 107th Session of International Labour Conference of the ILO at Geneva. AIAI's participation is also invited regularly in the discussions of Stakeholder Consultations/Tripartite Consultation held at the Ministry of Labour, Government of India. The Association also represents at the Board of Trade meetings where critical issues related to bilateral trade and other topical issues of commerce are discussed.

MSMEs play a pivotal role in the economic growth of the region and AIAI supports the cause of MSMEs at the various forums, both at the state and central government.

Apart from our regular features in the magazine, we have covered a special article 'BIMSTEC cooperation gains momentum in recent years'. The two-decade old BIMSTEC regional cooperation is gaining momentum in recent years and it symbolizes the conviction of member countries in collective action and shared prosperity. For India, the regional cooperation of BIMSTEC represents a promising opportunity to strengthen ties with neighbouring countries.

Some of the important representations submitted to the government during the period related to 'E-commerce and Digital Economy', 'Economic Revival will help Companies', and note on 'IBC and Confusion in the Indian Taxation Regime'.

AIAI also represented at the 10th edition of Delhi Dialogue on the theme "Strengthening India- ASEAN Maritime Advantage" and actively participated in the discussions held during this event. ASEAN is an important region and India needs to promote its investments and trade in this region, particularly due to the proximity the country shares with these countries.

The Association invites you to share your views and suggestions on topics of interest to trade and business, which can be considered for discussion in our future events.

Thanking you,

Vijay Kalantri

Poland Investment Agency to open an office in Mumbai

India is one of the five priority countries in Responsible Development Strategy of Poland. Bilateral trade between India and Poland has crossed the magic level of USD 3 billion last year and both the countries are taking steps to enhance this to USD 5 billion this year. Recently, we had a fruitful meeting with Mr. Piyush Goyal, India's Minister of Railways & Coal to discuss potential areas of collaboration. In order to strengthen bilateral co-operation, the Embassy of Poland will set up its first trade office in India's commercial capital Mumbai soon," said H.E. Mr. Adam BURAKOWSKI, Ambassador of Poland to India at an interactive meeting on Trade and Investment Opportunities in Poland organised by All India Association of Industries, World Trade Centre Mumbai in association with the Embassy of the Republic of Poland in New Delhi, the Consulate General of the Republic of Poland in Mumbai and Indo-Polish Chamber of Commerce.



Distinguished delegates and dignitaries from World Trade Centre Mumbai at an interactive meeting on Trade and Investment Opportunities in Poland. (From Left to Right) Mr. Pan Damian IRZYK, Consul General of Poland in Mumbai, Ms. Rupa Naik, Senior Director, World Trade Centre Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai, H.E. Mr. Adam BURAKOWSKI, Ambassador of Poland to India

Poland Investment Agency (PIAZ) shall soon open their office in Mumbai to facilitate Trade and Investment said H.E. Mr. BURAKOWSKI.

H.E. Mr. BURAKOWSKI said, "Poland is at the heart of Europe with strong transport network and mature business and investment climate. The country is an attractive destination for foreign investors because of availability of cheap capital and labour, stable financial system and generous policy incentives for investment. Governments from all the three levels, viz. national, regional and local, offer incentives and support to foreign investors."

The Ambassador further remarked, "Poland experienced steady economic growth in the past 30 years and it has an educated and competent human resources. Even amidst the global economic crisis, Poland has only strengthened its position in the region of Central Europe and all over the continent."

Mr. Pan Damian IRZYK, Consul General of Poland in Mumbai said, "Poland's 38-million strong consumer market is one of the biggest in Europe. The country's

favourable location, in the centre of Europe, where the main communication routes intersect, makes it possible to export goods to all European countries and thus reach more than 500 million consumers."

Sharing more information about the strength of the Polish economy, Mr. Damian said, "Foreign investors willingly invest their capital in Poland treating it as a safe haven in times of economic instability and raising protectionism. Tourists, in turn, are enchanted by Polish hospitality and friendliness, Poland's cultural heritage, pristine environment and the country's natural landscape."

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai said, "Poland is a promising destination to promote trade, investment, tourism and culture as there are tremendous opportunities. Especially, there are lot opportunities in mining, agro-products and tourism. We can use Poland as a hub to European Union, specifically to manufacture and export pharmaceutical products. Poland has excellent diplomatic and economic relationship. If India has to grow at 8-10% per annum in the next three years, we need technology collaboration with Poland."

The meeting was well attended by industrialist.

UZBEK to Promote Tourism in Future

H.E. Mr. Farhod Arziev, Ambassador Extraordinary and Plenipotentiary of the Republic of Uzbekistan to India inaugurated the first Uzbek Film Festival in Mumbai at World Trade Centre Mumbai. The Film Festival was organised by The Embassy of Uzbekistan in India in collaboration with 'Uzbekkino' National Agency of Uzbekistan, All India Association of Industries, World Trade Centre Mumbai, Dimaz Group and Indian Motion Picture Producers' Association (IMPPA). The Embassy of Uzbekistan is holding this event after successfully organising similar events in Delhi and Kolkata.

The Film Festival kicked off with the screening of an Uzbek movie 'Deceived Woman', which was translated in English for the local audience and was also subtitled in English. The film depicted the struggle of an Uzbek woman who was duped into indoctrination and introduced into Jihad and terrorism. The story recounts her ordeal in the terrorist camps before she was rescued by Embassy of Uzbekistan.

The event was graced by Ms. Lola Eltaeva, renowned actress of Uzbek Film Industry. Other dignitaries who attended the event were Mr. Shukhratulla Rizaev, First Deputy of Director National Agency 'Uzbekkino', Shri Ramesh Meer, Joint Secretary, Indian Motion Picture Producers' Association and Mr Manish Singh, Chairman and MD, Dimaz Group.

Ms. Rupa Naik, Hon. Director, All India Association of Industries and Senior Director, World Trade Centre Mumbai pointed out that this is the first film festival of Uzbekistan organised by World Trade Centre Mumbai. On behalf of World Trade Centre Mumbai, Ms. Naik expressed delight for holding this event and expressed hope to see more such cultural events on Uzbekistan in Mumbai in future. Media and entertainment industry is growing in leaps and bounds. Already, many film stars from Uzbekistan have been participating in film festivals organised in India. In future, both the countries can look forward to exchange of trade delegations from this industry, Ms. Naik added.

H. E. Mr. Arziev said, "This Film Festival is part of the ongoing cultural partnership of Uzbekistan with India. Uzbekistan enjoys centuries-old deep and friendly relations with India. I hope this event will further bolster cultural relations between the two nations." H. E. Mr. Arziev invited Indians to visit Uzbekistan and enjoy the picturesque landscape and hospitality of the local people.

Mr. Rizaev pointed out that although India and Uzbekistan have centuries-old relations, this is the first

time Uzbek Film Festival is organised in India. Highlighting the linguistic and cultural similarities between India and Uzbekistan, Mr. Rizaev took the names of great Uzbek writers who have written books about the culture of India.

He also mentioned that in the past, film industries of both the countries have co-produced notable movies such as 'Alibaba And 40 Thieves'. Mr. Rizaev mentioned some of the Memoranda of Understanding (MoUs) signed by Uzbekkino with the film industry in India for co-producing feature films.

He concluded his remarks by raising hope that the film industries of both the countries will explore new vistas of co-operation in the days ahead with the support of the Embassy of Uzbekistan in India.

Sharing his views on the occasion, Mr Singh emphasized the significance of promoting Uzbekistan as a preferred shooting spot for Indian movies. He informed about the latest Bollywood movie 'Tashkent Files', starring Naseeruddin Shah and Mithun Chakraborty. The film was shot at Uzbekistan.

Shri Meer invited the Uzbek film industry to explore the Indian market. He pointed out that India is a promising market for foreign film industry, whether it is Russian, Chinese or Uzbek. He substantiated this by pointing to the overwhelming response that IMPPA used to receive for its Global Content Market organised at World Trade Centre Mumbai every year.



Mr Manish Singh, Chairman and MD, Dimaz Group, Mr. Shukhratulla Rizaev, First Deputy of Director National Agency 'Uzbekkino', H.E. Mr. Farhod Arziev, Ambassador Extraordinary and Plenipotentiary of the Republic of Uzbekistan to India, Ms. Rupa Naik, Senior Director, World Trade Centre Mumbai

Argentina to collaborate with India on food security says H.E. Mr. Chuburu



Mr. Y.R. Warkerkar, Executive Director, World Trade Centre Mumbai, Ms. Andrea Alba Gonzalez, Deputy Consul of Argentina in Mumbai, H.E. Mr. Daniel Chuburu, Ambassador of Republic of Argentina, Ms. Rupa Naik, Senior Director, World Trade Centre Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Alejandro Zothner Meyer, Acting Consul General of Argentina in Mumbai at an interactive meeting at WTC Mumbai.

We are not only about importing cars or exporting apples or pulses. As developing nations, India and Argentina must focus on strengthening strategic relations and co-operation in sensible areas such as agriculture, atomic energy, space research, mining, tourism, infrastructure and traditional medicine such as AYUSH. India and Argentina are respectively the 7th and 8th largest countries in the world. Both the countries will celebrate 70 years of diplomatic relationship next year. Currently, 90% of Argentina's exports to India comprise of one commodity viz. soya oil. We are working with India to diversify this trade basket. We are trying to use every single opportunity to build confidence in our relationship by setting up new institutional mechanism. As part of this initiative, the Embassy of Argentina will soon launch a bilateral chamber for agro-products and agro-services in New Delhi and its first centre will be opened in Mumbai," said H.E. Mr. Daniel Chuburu, Ambassador of Republic of Argentina at an interactive meeting organised by All India Association of Industries (AIAI) and World Trade Centre Mumbai on May 24, 2018 at WTC Mumbai.

H.E. Mr. Chuburu further remarked, "I have chosen Maharashtra for my first official tour after assuming office as Ambassador of India in March 2018. This is because many Argentine companies are located in this state and there is tremendous opportunity to strengthen bilateral relationship in this state. Government of Argentina is discussing with Government of India the

possibility of launching direct flight service and it is also working on code sharing agreement. I hope the discussion will conclude soon."

H.E. Mr. Chuburu was in Mumbai for the first time to celebrate the 208th Argentine National Day on May 25. This day commemorates the popular May Revolution in the year 1810 which led to the formation of the first independent government in Argentina and helped the country gain independence from Spain on July 9, 1816.

During his visit, the Ambassador met Indian companies viz. TATA Chemicals, TCS, UPL, Yupaa International (a fruit importer), Reliance Sports and Reliance Industries. He also met major Argentine companies which have their base in Mumbai including INVAP which is building a radioisotope medicine facility in association with Board of Radiation and Isotope Technology, a part of BARC. On the area of food security, H.E. Mr. Chuburu said Argentina has developed cutting edge farm technologies and biotechnologies which can help India improve agriculture productivity and reduce post-harvest losses of farm produce.

H.E. Mr. Chuburu invited Indian companies to explore opportunities in mining, especially in lithium, gold and copper. Government of Argentina has opened the mining sector for foreign investment. Lithium is the major raw material for batteries used in electric cars and India has set a goal to shift to manufacture of electric vehicles on a large scale by 2030.

In the energy sector, Argentina has discovered new reserves of shale gas and shale oil. Therefore, the Ambassador has invited Indian companies to explore investment opportunities in this sector.

H.E. Mr. Chuburu also pointed to the potential for bilateral collaboration in the satellite sector for space and radar technologies in the aviation sector.

Speaking about collaboration in creative industry, the Ambassador mentioned that cinema is another key focus area for Argentina. He wants bilateral co-operation in this sector to go beyond merely establishing Argentina as a shooting location for Bollywood. In fact, the Ambassador is planning to bring down Argentine actors to India and expose them to the wide viewership of the Indian film industry. H.E. Mr. Chuburu is also planning to popularize football in India by bringing coaches and players from Argentina.

The Ambassador concluded his speech by pointing out that the mission of his Embassy is to promote collaboration in the above sectors. He emphasised that both the two big countries deserve deeper relationship and there has to be balanced trade. Sound economic decisions have to be taken at the right time.

Mr. Vijay Kalantri, President All India Association of Industries (AIAI) said, "World Trade Centre Mumbai has always promoted bilateral trade, tourism and culture with Argentina. World Trade Centre Mumbai received



overwhelming response for its first GRULAC Conference held in 2017. We have also organised popular cultural events such as Tango dance to strengthen bilateral relationship. Currently, bilateral trade stands at USD 2.78 billion and I expect it to double in the next five years. Although both the countries are far apart, distance will no longer be a barrier because of improvement in transport and communication. Indian government is very keen to strengthen business partnership with Argentina. Many Indian businessmen want to explore investment opportunity in that country."

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Top Port City in USA seeks trade, diplomatic and cultural ties with India, says Mr. Ibsen



Dignitaries at an interactive meeting with Mr. Anders Ibsen, Deputy Mayor, City of Tacoma. (From Left to Right) Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai, Mr. Anders Ibsen, Mr. Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman, MVIRDC World Trade Centre Mumbai and, Mr. Mike Fowler, Incharge, The World Trade Center-Tacoma.

“Tacoma is an investor-friendly and innovation-friendly city in USA. The city ranks top on ease of doing business; It is relatively easy to start business in our city because of its small size, excellent service delivery and faster turnaround time in getting business approvals. The City Administration handholds foreign investors by providing demographic and market information and offers attractive tax incentives. We facilitate eligible foreign investors to get green cards, for their entire family, in two years. Although Tacoma is small in size, the city has strong global ties and it has made 15 Sister Cities across the world. Tacoma values trade and we welcome diversity and plurality. Trade is about learning and lifting each other,” said Mr. Anders Ibsen, Deputy Mayor, City of Tacoma said in an interactive meeting organised jointly by AIAI and MVIRDC WTC Mumbai.

Speaking about logistics and maritime infrastructure in Tacoma, Mr. Ibsen said, “The city has the third largest port in USA with a container throughput of more than 4 million TEUs. The port is connected with excellent railway system, which ensures that goods can be transported to any part of America within one week. The Port of Tacoma is the closest access point to Asia. Tacoma is a trade dependent city, with an annual foreign trade

volume of USD 75 billion. Trade and related sectors account for around 40% of total employment.”

Highlighting the investment opportunities in Tacoma, the Deputy Mayor said, “The city has tremendous investment potential in housing, infrastructure, hospitality, ports & logistics and technology sectors. The city has tremendous shortage of housing and we invite construction companies from India to meet unmet demand in this sector. We also invite Indian film studios to explore film shooting in Tacoma. Further, Indian students can explore education in Tacoma, which has world class education institutions.”

Mr. Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman MVIRDC World Trade Centre Mumbai said, “India and USA have excellent

relationship in trade, diplomacy and culture. Today, the bilateral trade between both the countries stands at USD 110 billion and Prime Minister of India and USA expect this to double in the next three years. Businesses from both the countries have tremendous scope to enter into joint ventures and exchange of technologies in aerospace, healthcare and other sectors.”

Speaking about India-Tacoma relationship, Mr. Kalantri said, “Currently, Japan and China are the major trade and investment partners of Tacoma. However, in future, India can also be a major commercial partner with this city. Government of India’s ambitious programmes such as Make in India, Startup India, Digital India, among others, can be a catalyst for bilateral partnership with Tacoma. I invite companies from Tacoma to take advantage of these schemes.”

Mr. Anders Ibsen led a delegation of government and business leaders from Tacoma to this interactive meeting.

The event was attended by representatives from trade and industry, government departments, academic institutions and tourism sector.’

AIAI and WTC Mumbai Presents Research Study on 'Accelerating Maharashtra's Export Competitiveness' to Minister Prabhu

Mr. Vijay Kalantri, President, All India Association of Industries presented MVIRDC WTC Mumbai's Research Study on 'Accelerating Maharashtra's Export Competitiveness' to Mr. Suresh Prabhu, Hon'ble Minister of Commerce and Industry and Civil Aviation of India, Government of India at World Trade Centre Mumbai.

Minister Prabhu said, "Such Studies help us to frame policies keeping in view the various suggestions and recommendations outlined therein. The Study highlights the views of trade and industry which enable the government to provide direction for policy formulation". He further complimented MVIRDC WTC Mumbai for an elaborate Study that will enhance Maharashtra's export competitiveness.

While presenting the Study Mr. Kalantri said, "Our Research Study meticulously analyses Maharashtra's investment competitiveness across nine of its major export-oriented industries, and its infrastructure-readiness, vis-à-vis other major states in India. The study is backed by recommendations to improve Maharashtra's export competitiveness along with expert opinion. We believe if the recommendations are implemented there is scope to double Maharashtra's exports from about 20 percent as a share in its GDP to about 40 per cent by 2025. MVIRDC World Trade Centre Mumbai believes in promoting India's international trade through cutting-edge research and market analysis. I affirm that the book will serve as a useful guide in policy-making, and will be beneficial to academicians as well as industry officials".

The Study is important to understand Maharashtra's position in terms of investment competitiveness of its major export-oriented industries vis-à-vis other states in India. The study also critically examines Maharashtra's infrastructure-readiness compared to other major states on key parameters such as availability of power, road density, lease rentals, export infrastructure etc. The study suggests the need to enhance per capita availability of power, reduce cost of power and bridge power deficit during peak hours.

The study identifies that while the state fares well in terms of export infrastructure such as container freight stations, inland container depots and notified and exporting special economic zones, Maharashtra needs to promote export-oriented units to set shop in the state. Maharashtra has a little above 50% of the export oriented units compared to other leading states such as Karnataka and Tamil Nadu.

The study also emphasises the need to augment Maharashtra's cold storage infrastructure to support export of perishable farm commodities.

The study has put forth actionable recommendations for policymakers in the state government and is backed by opinions from experts.



Mr. Vijay Kalantri, President, All India Association of Industries (right) presenting a Study on 'Accelerating Maharashtra's Export Competitiveness' to Mr. Suresh Prabhu, Hon'ble Minister of Commerce and Industry and Hon'ble Minister of Civil Aviation of India, Government of India (Centre). Also present on the occasion is Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai at the World Trade Centre Mumbai on May 11, 2018.

The research study emphasises on the need for a balanced regional development in Maharashtra, besides highlighting the need to have a dedicated export policy for the state. Among other policy measures, the study suggests setting up a four-tier institutional mechanism with representation from state and district export promotion councils from every district.

The study calls for renewed policy thrust to promote skill development, research, innovation and entrepreneurship. The study recommends the state government to promote awareness of e-commerce as an effective tool for accessing global markets among MSMEs.

Andijan region can be a gateway to CIS countries for Indian companies, says Mr. Mansurov



Mr. Ibragimov Yusufbek, Deputy of Mayor, Andijan City Government (Right) being felicitated by Mr. Vijay Kalantri, President, All India Association of Industries and Honorary Consul General of the Republic of Uzbekistan in Mumbai. Also seen in the photograph is Mr. Abdullaev Elyorbek, Deputy of Governor, Government of Izboskan district (Middle)

Uzbekistan, the largest country of Central Asia has strong historical relationship with India. Trade, investment and cultural industries are the key focus areas of our relationship. India's Prime Minister Narendra Modi and Uzbek President Mirziyoyev decided to draw roadmap for mutual partnership when they met at Astana on the sidelines of the SCO Summit in June 2017. The large industrial region of Andijan is a potential gateway for Indian companies to CIS region. Soon, we will set up Uzbekistan-India pharmaceutical zone in this region. Indian companies investing in that region will be eligible for tax benefits," said Mr. Azamjon Mansurov, Second Secretary, Embassy of Uzbekistan to India during an interactive meeting with a 15-member High-Level Delegation of Business and Government officials from Andijan region at World Trade Centre Mumbai. Members of the delegation represent industries such as pharmaceutical, chemicals, medical equipments, textile and tourism. The interactive meeting was organised by All India Association of Industries (AIAI) and World Trade Centre Mumbai in association with Uzbekistan Embassy in India.

Speaking about the economic potential of Uzbekistan, Mr. Mansurov said, "Uzbekistan is the leading manufacturer of natural textile products, which are exported to more than 100 countries. The country produces more than 3 lakh cars, 3,000 types of food products, 20 varieties of mobiles and smartphones, 2300 varieties of drugs and pharmaceutical products and wide range of household appliances, chemical products, leather goods and

agricultural machineries, to name a few. Over the years, the country has progressed from a predominant exporter of cotton to exporter of manufactured products, which constitute 80% of total shipments today. Companies in Uzbekistan participate in more than 1,000 international exhibitions annually."

Mr. Vijay Kalantri, President, All India Association of Industries and Honorary Consul General of the Republic of Uzbekistan in Mumbai remarked, "India and Uzbekistan share cultural linkages in architecture, dance, music and cuisine. The visit of this high level business delegation offers tremendous opportunity not only to improve trade but also to explore joint venture among companies in both the countries. I hope this interactive meeting will strengthen collaboration between Uzbekistan and

India in pharmaceuticals, tourism and textile sectors. Uzbekistan has tremendous tourism potential given its historical cities such as Samarqand, Bukhara, Khiva and so on. Indian companies can take advantage of the Free Economic Zones in Uzbekistan by setting up manufacturing plants in these zones and exporting the products to CIS countries."

Mr. Kalantri emphasised the need for launching direct flight connectivity from Mumbai to Uzbekistan to promote tourism and trade between the two countries.

Mr. Ibragimov Yusufbek, Deputy of Mayor, Andijan city Government said, "The year 2018 has been declared as the year of Entrepreneurship and Innovation in Uzbekistan. The law of Uzbekistan protects the rights of foreign investors. Especially, we offer preferential treatment and tax benefits to investors from India. Through this meeting, we seek to forge long term relationship with India. I hope this event will generate fruitful and sustainable collaboration between the business community of India and Uzbekistan."

Mr. Abdullaev Elyorbek, Deputy of Governor, Government of Izboskan district said, "We invite Indian companies to invest in Andijan region, which is endowed with significant natural resources. We encourage Indian companies to produce value added goods and export them to neighbouring countries. We are willing to offer land and other resources to Indian companies. I hope

both the countries can strengthen their relationship through collaboration in trade and investment.”

Speaking about the advantage of Andijan region, Mr. Ismoilov Sardorbek, Specialist, Investment department of Government of Andijan said, “Andijan accounts for 10% of the population of Uzbekistan and it is the most

densely populated region in the country. This ensures a huge consumer market for companies. The economy of Andijan grew 159% between 2012 and 2017. Andijan contributes 7% to the industrial production of Uzbekistan. Four Indian companies have commercial presence in Andijan through joint venture.”

Meeting with officials from Uzbekistan



Sri Lanka's Vision 2025 offers ample opportunities for Indian businesses, says H.E. Mrs. Wagiswara

The relationship between Sri Lanka and India is rooted in deep civilizational links, which date back many millennia. It is my firm belief that the time is very opportune to explore and focus on ways and means of elevating to a much higher level our bilateral economic relations, especially with the State of Maharashtra. Sri Lanka is taking number of measures to strengthen investment climate; The Board of Investment is moving beyond facilitation to attach higher priority to attract investments,” said H.E. Mrs. Chitrangenee Wagiswara, High Commissioner of Sri Lanka in New Delhi at the Interactive Meeting on Trade and Investment

and double exports to USD 20 billion per year. These targets lay the foundation for Sri Lanka to become an upper-middle income country by 2025.

Highlighting the economic benefits of investment in Sri Lanka, H.E. Mrs. Wagiswara said that Sri Lanka having signed FTAs with India, Singapore and Pakistan and another FTA under negotiation with China, offers preferential access to a vast market of 3 billion consumers. Colombo port has been ranked 13th best connectivity port in South Asia. Sri Lanka is committed to improve ease of doing business ranking from 110 in 2017 to 70 by 2020.



Mrs. Chamari Rodrigo, Consul General of Sri Lanka in Mumbai; Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre Mumbai; H.E. Mrs. Chitrangenee Wagiswara, High Commissioner of Sri Lanka in New Delhi and Mr. Vijay Kalantri, President, All India Association of Industries during the interactive meeting on 'Trade and Investment Opportunities in Sri Lanka' held at World Trade Centre Mumbai on June 13, 2018.

The High Commissioner emphasized the potential for co-operation in the hospitality and tourism sector and suggested that India and Sri Lanka could be promoted as dual destination for tourism. Government of Sri Lanka is attracting Indian tourists through promotion of Ramayana Trail.

H.E. Mrs. Wagiswara invited Indian investors to participate at the Sri Lanka Investment and Business Conclave to be organised by Ceylon Chamber of Commerce from 19th-21st June 2018 in Colombo.

Opportunities in Sri Lanka organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai at WTC Mumbai.

This is the maiden visit of H.E. Mrs. Wagiswara to the financial capital of India after taking charge as High Commissioner.

H.E. Mrs. Wagiswara urged Indian companies to take advantage of the Government of Sri Lanka's Vision 2025 programme, which will present ample opportunities and position the country as an export-oriented economic hub at the centre of the Indian Ocean.

Under the Vision 2025 agenda, Government of Sri Lanka aims to raise its per capita income to USD 5,000 per year, create one million new jobs, enhance FDI to USD 5 billion

Mrs. Chamari Rodrigo, Consul General of Sri Lanka in Mumbai said that their mission was to present Indian businesses new economic opportunities in Sri Lanka. After a 30-year conflict period, Sri Lanka has enjoyed unprecedented peace and economic stability in the past eight years. Sri Lanka's preferential market access, proactive government, educated workforce and fast developing infrastructure projects provide immense opportunities for investment in the country.

Speaking about ambitious infrastructure projects in the country, Mrs. Rodrigo invited India's participation in the Western Region Mega polis Plan and the Colombo Port City Project that will generate investment opportunities in infrastructure, transport, real estate, both commercial and residential, large scale affordable housing programmes, financial and IT-enabled services, logistics,

ports and airports, manufacturing, industrial zones, training and skill development centres. The Colombo Port City Project is a special financial zone that will become an International Financial Centre.

Mr. Siddhartha Rastogi, Director - Asset Management, Ambit Capital Private Limited said that India and Sri Lanka are complimentary to each other for their existence, survival and growth. It's not a coincidence that various Indian governments have intervened in resolving Sri Lankan conflict in the past and bring political and social stability to both sides. Mr. Rastogi further stated that Sri Lanka from times immemorial has been relevant as it forms an integral part of Silk route. Not too much has changed since then as dominance on Indian ocean can only be gained through Sri Lanka's support. Whichever country controls Indian ocean can claim access to 6 other oceans as well and bring EAST-WEST Trade corridor closer.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai said that Sri Lanka is India's friendly neighbor and we have religious and cultural ties dating back to the period of epic Ramayana. The country is a promising destination for employment and investment. India has signed a free trade agreement with Sri Lanka and already India is exporting pharmaceuticals, chemicals and other items to Sri Lanka. Being a small country, projects can be implemented within time limit in Sri Lanka.

The event was attended by representatives from industry, consular corps, academic and research institutions, EXIM Bank and other financial institutions, government departments and non government organizations.

Agreements of Co-operation

May – December 2018

All India Association of Industries signed Memorandum of Understanding (MoU) with:

- Gulf Maharashtra Business Forum (GMBF GLOBAL)
- JSCUZELTECHSNOAT
- Indo American Chamber of Commerce of Greater Houston
- Coex Co. Ltd.
- Zanzibar Tourism Promotion Centre, India
- Iberian Office Trade & Investment

The signing of MoU shall encourage and promote in accordance with their respective laws and regulations co-operation between the two Associations which includes:

- a) Exchange of trade and investment related information in order to promote international trade and investments.
- b) Exchange of business proposal for joint ventures, collaborations and technology transfers.
- c) Promote the exchange of trade mission between the two countries and set up business contacts.
- d) Exchange of publications and information of bilateral trade, foreign trade and investment policies of their respective countries.
- e) Exchange of trade delegations.
- f) To regularly exchange information and help organise exhibitions and international fairs and encourage their members in participating in such events.

“India needs to create an export culture”, say experts



Mr. Rajesh Bhayani, Associate Editor, Business Standard; Mr. Prahalathan Iyer, Chief General Manager, Research & Analysis Group, EXIM Bank; Mr. Keyur Parekh, Vice President, Welspun Global Brands Limited; Mr. Krishanlal Dhingra, Regional Chairman (WR), EEPIC India; Mr. Vijay Kalantri, Vice Chairman – MVIRDC World Trade Centre Mumbai and President – All India Association of Industries; Dr. Rupa Rege Nitsure, Group Chief Economist, L&T Finance Holdings; Mr. Mangesh Soman, Joint President (Corporate Economics Cell), Aditya Birla Group and Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai at the Panel Discussion on 'How to Revive Stagnant Exports' held at World Trade Centre Mumbai.

Over the years, we have diversified export destinations and basket. From 45% share of US and EU in the year 2000, it has now come down to 30%. The share of emerging markets is 50% today. But quick, short-term fixes are not helping much. We need to create an export culture, address fundamental issues like shortages of transport network, logistics, energy, bring down transportation costs, improve ease of doing business and constantly review our FTAs”, said Dr. Rupa Rege Nitsure, Group Chief Economist, L&T Finance Holdings at the Panel Discussion on 'How to Revive Stagnant Exports'. The discussion was organized by World Trade Centre Mumbai & All India Association of Industries in association with Business Standard at World Trade Centre, Mumbai.

Dr. Rege said “Export deceleration has been significant in the past five years. Both traditional and non-traditional exports have weakened. Traditional export growth has reduced from 14% in the decade ending FY12 to 0.4% in the current year, while non-traditional export growth has come down from 21.5% to 4.7%. When export deceleration is accompanied with worsening of trade balance and high Current Account Deficit, we go for liberalizing FDI in debt, costly NRI deposits or sovereign bonds. To promote exports, we come out with sops, subsidies, interest subvention etc. But these do not help to revive exports on a sustainable basis”.

Suggesting that a lot could be learnt from China, Dr. Rege iterated that China created SEZs, formulated different laws of business for districts located next to the coasts, made huge investments in labour-intensive sectors and skill development, promoted new cities and invested in urbanization, and used its ties with non residents in Hong Kong and Taiwan to get skilled labour force, FDI and entrepreneurs. India should emulate such measures for reviving its stagnant exports.

Sharing his views, Mr. Mangesh Soman, Joint President (Corporate Economics Cell), Aditya Birla Group, remarked “Although overall merchandise exports have stagnated, there are two numbers that have grown in recent years – the share of MSMEs in India's exports have increased from 42% in FY14 to 50% in FY16, and the amount of export incentives under the Merchandise Exports from India Schemes, has expanded to around 8000 tariff lines, covering nearly three-fourth of the product lines. Suggesting that export-intensive manufacturing operations which include labour-intensive sectors like apparel, leather and gems and jewellery, as also auto components and engineering seek to be long-term, steady players in the export market, he added “Nearly two-third of the global trade is through participation in Global Value Chains which requires adherence to strict quality norms, timely supplies and continued productivity growth. It is also necessary to keep moving up the value chain”.

Proposing measures to revive exports, Mr. Soman said “As the export incentives are phased out, we would need to look at export promotion in terms of promoting competitiveness and participation in value chains. Some of the policy actions, from a long-term of viewpoint include facilitating scale-up through labour reforms, easier land acquisition at coastal economic zones, encouraging skill development through partnerships between government's export promotion agencies and industry bodies and technology upgradation schemes for more sectors.”

He concluded his remarks saying “India should be more tolerant of a moderately undervalued currency. While this cannot be an officially stated objective and cannot be ensured at all times, given the other macroeconomic considerations and objectives, still, to the extent possible, the extent of intervention can be skewed towards maintaining the rupee at a more competitive level.”

Addressing the gathering, Mr. Keyur Parekh, Vice President, Welspun Global Brands Limited, said “Textile plays a major role in the Indian economy, as it contributes 14% to the industrial production and 4% to GDP. With over 45 million people, the industry is one of the largest employment generators, and is one of the largest contributors to India's exports, contributing about 13% to total exports. Under the impact of GST roll out, textile and garment exports have missed the USD 45 billion target for 2017-18 (only close to USD 40 billion was achieved) and has resulted in tariff advantages being enjoyed by competitors like Bangladesh and Vietnam”.

Offering measures to revive exports, Mr. Parekh said “We need to focus on 'Ease of Doing Exports'. India needs a single platform like a Green Channel as we compete with emerging markets. Effective exchange rate management would be critical to achieve a significant increase in exports from India. The government should encourage setting up of more integrated textile units to increase productivity and efficiency, ensure a level-playing field with country peers competing in EU/UK markets, sign free trade pacts with major markets like the EU, US, Canada and Britain to equalise market access positions with key competitors and iron out all the glitches arising out of GST implementation. Indian players need to gear themselves with the changing landscape & its requirements such as e-commerce, millennials, etc.”.

Mr. Prahalathan Iyer, Chief General Manager, Research & Analysis Group, EXIM Bank opined that “During the global financial crisis, there was an estimated decline of 20% in trade due to non-availability of trade finance. Following the global financial crisis, there has been greater selectivity in risk taking, and flight to quality customers in trade finance markets. There has been increase in difficulties faced by low income countries to access the trade finance on affordable terms. There are structural difficulties in developing countries – ranging from lack of know-how in local banks, mistrust, large

collateral requirements and high fees for loans. These challenges were present even before 2008, but have now aggravated.”

Mr. Iyer added “ADB has estimated in its survey that the unmet global demand for trade finance could be as high as USD 2 trillion. In Asian developing economies alone, the estimated shortage could be as high as USD 1 trillion. With the introduction of risk-based capital standards by BASEL, the role played by credit rating agencies and their

country risk models have high influence on the financial markets. It is estimated that BASEL III regulations would make the trade finance costlier to the tune of 15% - 37%, which in turn could take down the trade finance capacity by as much as 6%”.

In his remarks, Mr. Krishanlal Dhingra, Regional Chairman (WR), EEPC India said “GST implementation has not been smooth. It is being streamlined now and the issues faced will settle soon. We need to exempt taxes on production of exports and impose

anti-dumping and safeguard measures. The government has a scheme of reimbursing 50% of the expenses incurred by businesses fighting anti-dumping cases, with a maximum of Rs. 2 crores. We are recommending the government to raise it to 75 per cent. Further, we need a shipping regulator like telecom and insurance regulators to remove malpractices in the industry”.

Mr. Vijay Kalantri, President – All India Association of Industries and Vice Chairman – MVIRDC, World Trade Centre Mumbai remarked “Trade infrastructure should be upgraded to meet international standards as this will facilitate exports from India and also make MSMEs competitive in the global markets. Depreciation of rupee may not be an answer to revive exports. We should also try to promote import substitution to strengthen MSMEs' productivity, innovation and competitiveness. There is a need to lay thrust on improving infrastructure, boost the manufacturing sector and reduce transaction costs to revive our stagnant exports”.



Mr. Vijay Kalantri, Vice Chairman – MVIRDC World Trade Centre Mumbai and President – All India Association of Industries felicitating Mr. Krishanlal Dhingra, Regional Chairman (WR), EEPC India at the Panel Discussion on 'How to Revive Stagnant Exports' held at World Trade Centre Mumbai.

I could not have become a mayor without support from Indian community, says Mayor Turner

This is the perfect time to strengthen India's partnership with the City of Houston, which is the Energy Capital of the World and which has the world's largest healthcare centre. This is my first visit to India and I promise to visit the country again. The main purpose of my visit is to develop win-win partnership with the India. We are here to build relationship and we do not believe in building divisive walls. Houston is the most diverse and inclusive city in America. Around 25% of Houstonians are of foreign origin. Houston is home to around 82,000 persons of Indian origin. I could not have become a mayor without the strong support of the Indian community in Houston. There is tremendous scope for developing cultural and student exchange programmes. Houston has world class science and technology institutions, including NASA Space Center. There exist diverse areas to build synergies between both the countries," said Hon'ble Sylvester Turner, Mayor of Houston, State of Texas, USA at an Interactive meeting organised by MVIRDC World Trade Centre Mumbai and All India Association of Industries (AIAI).

The Hon'ble Mayor led a high level business delegation of around 40 members representing a diverse range of sectors such as hospitality, space research, aviation, healthcare, legal consultancy, education, transportation and infrastructure, retail, engineering and construction, technology start-ups ports etc. Dr. Turner added that all the delegates are looking forward to promote bilateral Trade and strengthen relationship between the Economic Capital of India and Houston

Mr. D.R. Parmar, Deputy Commissioner of Industries, Government of Gujarat invited the members of the delegation to the 9th edition of Vibrant Gujarat Summit on the theme 'Shaping a New India', which is scheduled from 18-20th January 2019. The Summit will be organised in partnership with 30 countries and key highlights of the Summit are sectoral sessions, vendor development programmes, MSME Convention Centre, Special Session on Africa and West Asia. The 9th edition of Vibrant Gujarat will witness participation from more



Distinguished dignitaries at the Welcome Reception in Honour of Hon'ble Sylvester Turner, Mayor of Houston, State of Texas, USA at WTC Mumbai. (From Left to Right): Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai, Mr. Y.R. Warerkar, Director General, MVIRDC World Trade Centre Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai, Hon'ble Sylvester Turner, Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai

than 20,000 companies and 10,000 exporters across the globe.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai said, "Houston is the energy capital of the world. But the city has other competitive advantages beyond energy. Houston is the world renowned Port City with excellent cargo handling infrastructure. Government of Maharashtra is also laying emphasis on building world-class infrastructure. There is tremendous potential for India to collaborate with Houston in ports, logistics, infrastructure, energy, healthcare and other sectors. Mumbai is the economic and commercial capital of India. Today, bilateral trade between Houston and India stands at USD 4.9 billion, which I expect to grow three times in the next five years."

Speaking about the role of MVIRDC World Trade Centre Mumbai in promoting India-America relations, Mr. Kalantri said, "MVIRDC World Trade Centre Mumbai works with more than 40 World Trade Centers across USA. We have signed MoUs with the Governors of Utah, Kentucky and Texas in the past. Now, we would like to work closely with Houston to promote bilateral relationship."

At the event, the Indo-American Chamber of Commerce of Greater Houston signed two memoranda of understanding (MoU), one each with All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai.

The event was attended by over 300 representatives from trade and industry, government officials, consular corps, chambers of commerce, think tanks and academic institutions and also had B2B Meetings.

Meetings attended by AIAI

- « Meeting of Joint Administration Committee (JAC) under expanded India-Chile PTA - Stakeholder Consultations under the Chairmanship of Mr. Shyamal Misra, Joint Secretary, Department of Commerce, Government of India on May 22, 2018 in New Delhi.
- « India-Peru Trade Agreement- Stakeholder consultation on Trade in Goods Chapters in Mineral and Base Metal Sector- Meeting under the Chairmanship of Mr. Shyamal Misra, Joint Secretary, Department of Commerce, Government of India on June 5, 2018 in New Delhi.
- « Service Cell Meeting of under the chairmanship of Joint Commissioner of State Tax, Maharashtra on June 15, 2018 in Mumbai.
- « Meeting Notice to discuss the issue of Trade Credit Linked NPA Contagion under the chairmanship of AS & DC (MSME), Ministry of Micro, Small & Medium Enterprises, Government of India on June 15, 2018 in New Delhi.
- « 27th Steel Consumers' Council Meeting of the Ministry of Steel will be held shortly under the Chairmanship of the Hon'ble Minister of Steel, Ministry of Steel, Government of India on June 29, 2018 in Bengaluru.
- « Grievance Redressal Committee Meeting chaired by Additional DGFT on July 19, 2018, Mumbai.
- « 1st Region-wise "Stakeholder Consultations" with Central Trade Unions, Employer Organizations and representatives/officials of the concerned States Government under the Chairmanship of Secretary (L&E), Ministry of Labour & Employment on July 23, 2018 in New Delhi.
- « 2nd Region-Wise (Eastern) "Stakeholder Consultations" with the representatives of Central Trade Unions, Employers Organizations and Labour Department and Other relevant Departments of the concerned State Governments on July 27, 2018 in Bhubaneswar, Odisha.
- « Meeting on GST & Credit related issues pertains to MSMEs on August 14, 2018 in New Delhi.
- « 23rd Meeting of the Standing Advisory Committee (SAC) to review the flow of Institutional credit to MSME sector on August 20, 2018 in New Delhi.
- « 3rd Region-wise (Southern) "Stakeholder Consultations" with the representatives of Employers Organizations and Labour Department and Other relevant Departments of the concerned State Governments scheduled on August 24, 2018 in Hyderabad, Telangana / Andhra Pradesh
- « Meeting Notice for trade negotiations under RCEP and Indo-Peru FTA on September 19, 2018 in New Delhi.
- « 4th Region-wise (Western) "Stakeholder Consultations" with the representatives of Employers Organizations and Labour Department and Other relevant Departments of the concerned State Governments on September 24, 2018 in Indore, Madhya Pradesh.
- « Customs Clearance Facilitation Committee (CCFC) meeting under the chairmanship of Mr. Vivek Johri, Chief Commissioner of Customs, Mumbai Zone on October 5, 2018, JNCH, Nhava Sheva.
- « Tripartite Consultation Meeting on the Labour Code on Occupational Safety, Health and Working Conditions, 2018 under the Chairmanship of the Hon'ble Minister of State (Independent-Charge) Labour & Employment, Government of India on November 22, 2018, New Delhi.
- « Tripartite Consultation Meeting on the Labour Code on Social Security & Welfare, 2018 under the Chairmanship of the Hon'ble Minister of State (Independent-Charge) Labour & Employment, Government of India on November 27, 2018, New Delhi.
- « Incentive for providing maternity benefit as per the Maternity Benefit (Amendment) Act, 2017 - Stakeholders' Consultation - reg. under the Chairmanship of the Hon'ble Minister of State (Independent-Charge) Labour & Employment, Government of India on November 14, 2018, New Delhi

Tanzania to launch direct flight connectivity with India by December 2018, says Mr. Mahmoud Kombo



Dignitaries from Zanzibar and All India Association of Industries (AIAI) signing Memorandum of Understanding to promote bilateral trade, tourism and culture at an interactive meeting. (From Left to Right) Ms. Sabah Saleh Nassor, Chairperson, Zanzibar Commission for Tourism, Tanzania, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, MVIRDC World Trade Centre Mumbai, Hon'ble Mr. Mahmoud Kombo, Minister for Information, Culture & Tourism, Government of Zanzibar, Tanzania, Mr. Jilesh Himat Babla, Director, Zanzibar Tourism Promotion Centre, India and Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai

Government of Tanzania will launch direct flight service thrice a week connecting India and Tanzania starting December 2018. This will improve tourism, people to people connectivity and bilateral trade. I am here to strengthen the centuries old historical, cultural and linguistic relations between India and Tanzania. Gujaratis and Goans are the first settlers in the history of eastern Africa 1,000 years ago. The present day Indian community in Tanzania represents the 17th generation. The first newspaper in Zanzibar Island of Tanzania was in Gujarati language. Today, 4,000 Indian tourists visit Tanzania every year, which is far less compared to more than 2 lakh tourists from Italy and other European countries. I expect annual number of Indian tourists visiting Tanzania to grow to 20,000 in the next five years," said Hon'ble Mr. Mahmoud Kombo, Minister for Information, Culture & Tourism, Government of Zanzibar, Tanzania at an Interactive Meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai.

Hon'ble Mr. Kombo highlighted five key areas for collaboration between both the countries. These areas are tourism, hospitality, healthcare, food processing and packaging. The minister assured Indian investors on single window clearance, ease of land acquisition and

other business support and incentives for investing in that country.

Speaking about investment opportunities in his country, the minister said Government of Tanzania is privatizing certain sectors such as water supply and other utilities, airport ground handling and other services. The Government of Zanzibar is promoting investment in recycling of plastic waste as it damages the marine ecology, including dolphins and other marine fauna.

Hon'ble Mr. Kombo also invited Indian companies to come and invest in convention centres, hotels, resorts, hotels and shopping malls.

The minister suggested India's micro, small and medium enterprises (MSMEs) to come and explore value addition opportunities in minerals such as gold, iron ore, nickel, copper, cobalt, silver and food processing sector.

Speaking about some of the tourist attractions in Zanzibar, the minister pointed to spice tour, dolphin games, Stone Town Heritage, Sunset Cruise and Red Colobus monkeys.

The Minister suggested India's film industry to explore Tanzania as shooting destination and assured them of all possible government support in this regard.

In order to promote bilateral trade and investment, Hon'ble Mr. Kombo suggested Government of India to ease visa procedures for Tanzanian citizens visiting India.

The minister announced that he would lead a high level business delegation of more than 20 members in the near future to India.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, MVIRDC World Trade Centre Mumbai said, "Today, Africa is the focal point of India's foreign policy. India's Prime Minister is aggressively promoting bilateral partnership between India and Africa. Apart from importing crucial raw materials, Indian companies can also explore joint venture and set up manufacturing plants in Tanzania that can serve as gateway for their presence in African continent. I expect trade between India and Tanzania to grow from five-fold in the near future from the present USD 2.64 billion. India has offered USD 92 million Line of Credit to Tanzania and I expect this to grow in future. There is tremendous scope for bilateral partnership in the MSME sector as India has the largest number of MSMEs in the world."

The minister led a delegation of trade and government officials, which include Ms. Sabah Saleh Nassor, Chairperson, Zanzibar Commission for Tourism, Tanzania, Dr. Abdulla Juma, Executive Secretary, Zanzibar Commission for Tourism, Mr. Jilesh Himat Babla, Director, Zanzibar Tourism Promotion Centre, India, among others

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Appeal to the Members for the Payment of Annual Membership Fee for the year 2019-20

Dear Members

All India Association of Industries is grateful to its Associates and Constituent Members, who have paid their membership fee for the F.Y. 2018-19.

The AIAI request its Associates and Constituent Members (those who have not yet paid their membership fee), to make the payment at the earliest for the year F.Y. 2019-20.

For more information please contact undersigned

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Maharashtra looks for Thailand's support in food, dairy processing and SME sectors, says Mr. Desai

Thailand and Maharashtra can work together to uplift the small and medium enterprises (SMEs) to higher levels. SMEs in Thailand and Maharashtra can explore joint collaborations in food processing, dairy, textiles and information technology sectors. Maharashtra produces millions of tonnes of milk; but there is inadequate processing facility in dairy sector. Maharashtra has diverse climatic conditions favourable for producing large variety of crops. Farmers in Maharashtra are growing high quality food crops supported by substantial research and development. We look for Thailand's partnership in secondary treatment of these food crops, which include preservation, processing, packaging and export," said Mr. Subhash Desai, Hon'ble Minister for Industries and Mining, Government of Maharashtra at the 'Roundtable Discussion on SMEs' with business delegation from Thailand at World Trade Centre Mumbai.

Mr. Desai further said he expects Thailand's support for value addition in the textile sector. Maharashtra has set up a dedicated textile park and nine more are in the process of being developed. "My dream is to see majority of garments in the world market to be labeled as 'Made in India' products."

Mr. Desai said Maharashtra accounts for 15% of India's GDP, more than 40% of exports and attracted 50% of India's total foreign direct investment (last year). This proves Maharashtra is the most investment friendly state in India.

Speaking about government support to SMEs, the minister informed, "Maharashtra has special policy for

SMEs and the government supports SMEs in land allotment, licensing, reservation and procurement so that they do not have to compete with large enterprises."

During the event, Dr. Wimonkarn Kosumas, Deputy Director General, Small and Medium Enterprises Promotion of Thailand outlined a four-point programme to strengthen bilateral ties between India and Maharashtra. Specifically, Dr. Kosumas sought India's strategic partnership in digitizing SMEs in the country. The four-point programme mentioned by her are setting up a dedicated Maharashtra desk in the Office of Small and Medium Enterprises Promotion (OSMEP) in Thailand, holding Thailand-Maharashtra SME festival (including round table discussion and trade fair) next year, linking artisans and craftsmen of Maharashtra with the designers in Thailand and promoting SME collaboration in food packaging technologies.

Considering that SMEs in Thailand account for 99.7% of all enterprises and generate 88% of employment, the Office of Small and Medium Enterprises Promotion (OSMEP) has been brought under the direct supervision of the Prime Minister of Thailand. There is no disparity of income and tremendous opportunity for employment created by the sector, she remarked.

Dr. Kosumas further informed, "This is the 3rd time I am visiting Mumbai in the last five years. There is tremendous potential to enhance partnership between Thailand and Maharashtra. The OSMEP has set up a dedicated desk to promote SME collaboration with Italy and Japan. We can set up similar dedicated desk for Maharashtra as well."



Mr. Subhash Desai, Hon'ble Minister for Industries and Mining, Government of Maharashtra being felicitated by Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai. Also seen in the photograph are (from left to right): Mr. Y.R. Warkerkar, Executive Director, MVIRDC World Trade Centre Mumbai, Mr. Ekapol Poolpipat, Consul General, Royal Thai Consulate-General, Mumbai, Dr. Wimonkarn Kosumas, Deputy Director General, Small and Medium Enterprises Promotion of Thailand

Dr. Kosumas invited SMEs from Maharashtra to participate in the forthcoming trade events in Thailand such as Propak Asia (June 12-15, 2019), Food Pack Asia 2019.

Dr. Kosumas also highlighted the success of Thailand's export-promotion programme OTOP (One Tambon One Product) and expressed willingness to share this experience with India. Thailand ranks 11th in the world in attracting tourists and the country is also a leading exporter of lifestyle design products.



India-Thailand relationship is driven by tourism and entertainment industries. Indian movies and televisions shows such as Mahabharata are popular among Thai households, she added.

Mr. Subhash Desai, Hon'ble Minister for Industries and Mining, Government of Maharashtra being felicitated by Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai. Also seen in the photograph are (from left to right): Mr. Y.R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai, Mr. Ekapol Poolpipat, Consul General, Royal Thai Consulate-General, Mumbai, Dr. Wimonkarn Kosumas, Deputy Director General, Small and Medium Enterprises Promotion of Thailand

Mr. Ekapol Poolpipat, Consul General, Royal Thai Consulate-General, Mumbai said, "Maharashtra is not only the financial and commercial hub of India, it is also one of the largest markets in the country. My mission is to promote bilateral partnership in three areas: commerce, innovation and culture. This roundtable discussion is an important step to take forward our partnership. In future, we must hold a series of such roundtable discussions for the benefit of our SMEs."

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade

Centre Mumbai said, "India's bilateral trade with Thailand is USD 10.8 billion and we have the potential to double this volume in the next three years. Maharashtra and Thailand have great potential for partnership. Maharashtra is a leading producer of mangoes, Chicku, grapes, banana and other food crops. However, 40% of food crops perish before reaching market. Therefore, we need more food processing units and cold storages near farmgate. This is the right opportunity to develop partnership with Thailand in food processing sector as Indian government aims to double the income of farmers by 2022."

AIAI welcomes calling off the transport strike

All India Association of Industries (AIAI) welcomes calling off the transporters strike by the transporters, which had adversely impacted the trade industry including essentials commodities for last one week. This is due to the positive initiative taken by Transport Minister, Mr. Nitin Gadkari and Union finance Minister, Mr. Piyush Goyal the issues have now been resolved and the government has promised to come out with a solution to avoid reoccurrence of such act in future said, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI further states that 93 lakh trucks across India and 16 lakh trucks alone in Maharashtra were off the roads, which have caused loss to the tune of 30,000 crores to the exchequer and alone 5000 crores in Maharashtra and the rise in the cost of essential commodities which had a cascading effect on inflation.

Mr. Kalantri said that the resolution to reduce toll charges, easing the e-way bill formalities and hefty insurance rates will be considered for smooth movement of cargo and reduce transaction cost.

BIMSTEC Trade in Goods Pact will be signed by 2019, says H.E. Mr. Islam



Distinguished dignitaries releasing a Research Study on 'BIMSTEC – A Vibrant Economic Bloc' before the panel discussion on 'Unlocking BIMSTEC Potential: Trade, Investment and Connectivity'. (From Left to Right): Ms. Rupa Naik, Senior Director, World Trade Centre Mumbai, Capt. Somesh Batra, Vice Chairman, World Trade Centre Mumbai, H.E. Mr. M. Shahidul Islam, Secretary General, BIMSTEC Secretariat, Mr. Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai, Dr. Prabir De, Professor, Research and Information System for Developing Countries (RIS)

I am very happy to note that the BIMSTEC Panel Discussion is happening in Mumbai. BIMSTEC is a great opportunity for people who are living in the region to work together and trade with rest of the world. India's Prime Minister has recently attended the BIMSTEC Summit in Nepal. We feel that this is a huge market that can emerge for all the member countries in the region. This bloc will make sure that we share ideas and bring new business opportunities for each other. Therefore, I wish all the best to the organisers of this event," said Shri. Suresh Prabhu, Hon'ble Minister of Commerce & Industry and Civil Aviation, Government of India in his goodwill video message for a Panel Discussion on 'Unlocking BIMSTEC Potential: Trade, Investment and Connectivity'. The Panel Discussion was organised jointly by All India Association of Industries (AIAI) and World Trade Centre Mumbai at WTC Mumbai.

H.E. Mr. M. Shahidul Islam, Secretary General, BIMSTEC Secretariat said "In the backdrop of the recently concluded Fourth BIMSTEC Summit and renewed interest on BIMSTEC bloc, the subject matter of today's discussion could not have been more timely. The world is watching BIMSTEC more closely than ever. There appears to be a growing consensus among member states that BIMSTEC should expedite the finalization of FTA related agreements. I am optimistic that BIMSTEC countries will be able to sign the Agreement on Trade in Goods and Customs Cooperation Agreement within 2019. BIMSTEC Leaders have also agreed to revitalise BIMSTEC Economic Forum and BIMSTEC Business Forum. It will be wise to include All India Association of Industries (AIAI) in BIMSTEC Business Forum."

H.E. Mr. Islam invited private sector to take advantage of the regional integration efforts and explore trade and investment opportunities in BIMSTEC countries. "BIMSTEC Coastal Shipping Agreement and BIMSTEC Motor Vehicle Agreement are expected to open up huge investment opportunities. Private Sector may well gear up for taking the opportunity to investment and thus contributing to their share in BIMSTEC integration. BIMSTEC exporters are eligible for preferential tariffs subject to 35% value addition in one member state or 30% value addition in BIMSTEC region."

At the Fourth BIMSTEC Summit, Leaders of the member countries have welcomed the offer of Government of India to host the BIMSTEC Ministerial Conclave at the Indian Mobile Congress 2018, being held at New Delhi from 25-27th October 2018 on the theme 'New Digital Horizon: Connect, Create, Innovate' and encourage all member states to participate in it, the Secretary General added.

The keynote address was followed by an interactive Panel Discussion moderated by Dr. Prabir De, Professor, Research and Information System for Developing Countries (RIS).

Dr. De said, "The recently held Fourth BIMSTEC Summit in Kathmandu ended with the most forward looking Declaration. The Declaration emphasised on the need to strengthen the institutional structure of the BIMSTEC Secretariat to spearhead regional integration in this bloc, whose collective economic size is set to reach USD 4 trillion." Dr. De further remarked that the Bay of Bengal Co-operation is the foundation for the larger Indo-Pacific Co-operation.

Mr. Suresh Kumar, Chief Ship Surveyor, Directorate General of Shipping, Ministry of Shipping, Government of India remarked, "BIMSTEC countries will be signing an agreement and a Standard Operating Procedure (SOP) to operationalize the coastal shipping. Coastal shipping is cost effective compared to land and rail transport. Stronger maritime connectivity will spur global and regional value chains."

Mr. Saugata Bhattacharya, Chief Economist, Axis Bank highlighted the significance of regional cooperation in financial services. He said, "Collaboration in financial services can promote physical connectivity, commercial connectivity and people to people connectivity." Specifically, Mr. Bhattacharya emphasised on collaboration in credit guarantee, trade credit, swap lines, harmonisation of accounting standards, secure payments mechanism and cross-country insolvency resolution mechanism.

He also suggested the adoption of cutting edge technologies such as blockchain to reduce hassles of documentation in trade credit. BIMSTEC bloc must leverage India's digital payment system, which is the most cost effective in the world. In order to harmonize financial regulations across BIMSTEC countries, there is a need for institutions such as Financial Stability and Development Council (FSDC), Mr. Bhattacharya concluded.

Mr. Pratim Ranjan Bose, Chief of Bureau, The Hindu Business Line (Kolkata) suggested that the regional integration of BIMSTEC countries must involve India's key states such as West Bengal, Bihar, Uttar Pradesh and North Eastern States in regional cooperation." He emphasised on air connectivity between Myanmar and North Eastern States to support the development of healthcare sectors in the state. BIMSTEC countries must also set up a granular meteorological observatory in Bhutan, Nepal and North Eastern states of India. This will facilitate timely exchange of weather information and improve preparedness for climate-induced disasters. Bihar's Bodh Gaya attracts lakhs of tourists from Buddhist nations in BIMSTEC bloc. Therefore, Government of Bihar must be responsible for safety, security, food and hygiene for the tourists.

Mr Sohail Jaria, Member-Executive Committee, Indo Myanmar Chamber of Commerce and Industry, "The manufacturing sector of small BIMSTEC economies is dominated by low-end technology, which affects the efficiency of the value chain. Thus, large BIMSTEC countries must engage in capacity building in smaller



H.E. Mr. M. Shahidul Islam, Secretary General, BIMSTEC Secretariat (Middle) being felicitated by Mr. Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai (Right) and Capt. Somesh Batra, Vice Chairman, World Trade Centre Mumbai (Left)

member countries and ensure transfer of knowledge and technology through proactive rather than reactive measures. Start-ups and SMEs lack access to knowledge and market opportunities. We need to establish a network of SMEs through regional chambers of commerce for exchange of market intelligence and knowledge."

Mr. Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai and said, "Today, Intra-BIMSTEC trade is hardly USD 40 billion and there is tremendous scope to enhance this. Unlike other regional blocs, member countries in the BIMSTEC are developing countries with huge complementarities. For instance, Thailand has competitive advantage in rice production, while India is competitive in information technology. India's Prime Minister has visualised physical and digital connectivity. Digital connectivity is more important than in this age of digital revolution. BIMSTEC countries must also strengthen air connectivity among their state capitals to promote people-to-people contacts. BIMSTEC countries can benefit from collaboration in maritime connectivity and Blue economy. Most importantly, BIMSTEC countries must set up BIMSTEC Bank, on the lines of New Development Bank and Asian Infrastructure Investment Bank (AIIB). Also, the EXIM Banks of the BIMSTEC countries must introduce credit lines to promote trade and investment."

Mr. Kalantri further suggested that All India Association of Industries (AIAI) and World Trade Centre Mumbai must be included in the BIMSTEC Business Forum to enhance commercial co-operation. "AIAI and WTC Mumbai are actively promoting regional co-operation initiatives such as SAARC and India-ASEAN. In November 2018, AIAI will associate with SAARC Chamber of Commerce in organising a business conference."

AIAI Attended 107th Meeting of the ILO at Geneva



Mr. Santosh Ganwar, Hon'ble Union Minister of state (IC) for Labour & Employment led a delegation to attend 107th session of ILO conference held in Geneva from 28 May to 9 June 2018. The delegation was accompanied by Mr. Heeralal Samariya, Secretary (Ministry of Labour & Employment) alongwith representatives of Central Trade Union Organisation and Central Employers Organisation

The International Labour Organisation has invited India - a founder member of ILO to send a tripartite delegation to attend the 107th session of ILO conference to be held in Geneva from 28 May to 9 June 2018. The tripartite delegation from India was led by Mr. Santosh Ganwar, Hon'ble Union Minister of state (IC) for Labour & Employment and was accompanied by Mr. Heeralal Samariya, Secretary (Ministry of Labour & Employment) alongwith representatives of Central Trade Union Organisation and Central Employers Organisation.

Ms. Sangeeta Jain, Director, All India Association of Industries (AIAI) was nominated as an Advisor by the employers group committee on Sexual Harassment and Violence at work place against men and women.

A. FORM OF THE INSTRUMENTS

1. The International Labour Conference should adopt standards on violence and harassment in the world of work.

2. These standards should take the form of a Convention supplemented by a Recommendation.

B. DEFINITIONS AND SCOPE

3. For the purposes of these standards:

(a) the term "violence and harassment" in the world of work should be understood as a range of unacceptable behaviours and practices, or threats.

(b) the term "worker" should cover persons in all sectors,

both in the formal and informal economy, and whether in urban or rural areas

4. Violence and harassment in the world of work should cover situations occurring in the course of, linked with or arising out of work:

(a) in the workplace, including public and private spaces where they are a place of work;

(b) in places where the worker is paid, takes a rest break or a meal, or uses sanitary and washing facilities;

(c) when commuting to and from work;

(d) during work-related trips or travel, training, events or social activities;

(e) through work-related communications enabled by information and communication technologies; and

(f) in employer-provided accommodation.

(g) noting that domestic violence can affect employment, productivity and health and safety, and that the world of work, its institutions and governments can help, as part of other national measures, to recognize, respond to and address domestic violence.

Prevention measures

11. Each Member should take appropriate measures to prevent violence and harassment in the world of work, including:

(a) identifying, in consultation with the employers' and workers' organizations concerned and through other applicable means, sectors, occupations and work arrangements in which workers are more exposed to violence and harassment;

(b) taking measures to effectively protect such workers; and

(c) protecting the privacy and confidentiality of those individuals involved, to the extent possible and as appropriate.

Fundamental principles and rights at work and protection

In adopting an inclusive and integrated approach for the elimination of violence and harassment in the world of work, Members should address violence and harassment in the world of work in labour and employment, occupational safety and health, and equality and non-discrimination law, as well as in criminal law where appropriate.

Prevention Measures

Members should ensure that measures to prevent violence and harassment do not result in the restriction of the participation in specific jobs, sectors or occupations, or their exclusion therefrom, of women and vulnerable groups, including:

- ◆ younger and older workers;
- ◆ pregnant and breastfeeding workers, and workers with family responsibilities;
- ◆ workers with disabilities;
- ◆ workers living with HIV;

- ◆ migrant workers;
- ◆ workers from indigenous and tribal peoples;
- ◆ workers who are members of ethnic or religious minorities;
- ◆ caste-affected workers; and lesbian, gay, bisexual, transgender, intersex and gender-nonconforming workers.

Support and guidance

Members should develop, implement and disseminate:

(a) programmes aimed at addressing factors that increase the likelihood of violence and harassment, including discrimination, unequal power relations, and gender, cultural and social norms that support violence and harassment;

Mrs. Sangeeta Jain attended the 107th Meeting of the ILO at Geneva and actively participated in the Committee. A gist of the proposed conclusions on

- 1) Form of the Instruments
- 2) Definitions and Scope
- 3) Violence and harassment in the world of work
- 4) Fundamental principles and rights at work and protection
- 5) Prevention measures
- 6) Support and guidance

is being presented for information of members.



AIAI visited Seoul Korea November 15-17, 2018

Ms. Sangeeta Jain, Senior Director, All India Association of Industries (AIAI) was invited to the 26th KOSIGN 2018, which was held from November 15th to 17th 2018. During the KOSIGN 2018 AIAI signed a Memorandum of Understanding (MoU) with Coex Co., Ltd. to facilitate mutual trade between India and South Korea.

Coex is Korea's leading convention and exhibition center, organizing more than 30 exhibitions annually and providing over 20 years of experience in the Meetings, Incentives, Convention and Exhibition (MICE) industry. Established by the Korea International Trade Association (KITA), the initial aim of Coex is to facilitate trade and global exchange through the organization of exhibitions and international meetings.

At the MoU signing ceremony Mr. Myung Shin Kim, Executive Vice President, Coex mentioned that with this MOU, we hope to increase number of business opportunities and activities between South Korea and India.

Ms. Sangeeta Jain informed about the 8th Edition of the Global Economic Summit theme 'Services in an Evolving Global Economy: Creating Sustainable Growth by Integrating Agro and Manufacturing' to be held from

March 6-8, 2019 at World Trade Centre Mumbai organized by All India Association of Industries (AIAI) and World Trade Centre Mumbai. She also invited Coex to participate at the GES 2019 and lead a trade delegation. Further she mentioned that AIAI will participate in next year's KOSIGN, which is scheduled during November 28th to 30th, 2019. Ms. Jain also met the officials of KOTRA, which is a state-funded trade and investment promotion organization operated by the Government of South Korea and invited them to participate at GES 2019 along with a trade delegation.

During Ms. Jain's visit to Korea she met the High Commissioner of India in Seoul, Korea, where she discussed various possibilities of promoting bilateral trade between India and South Korea. She also informed High Commissioner of various AIAI's activities such as assisting and encouraging their members to facilitate trade worldwide. She also requested to share information of trade enquiries which can be circulated among the members of AIAI. They were also briefed about GES 2019 and the Embassy was requested to disseminate the Summit information through the Embassy website / Newsletter and communicate the same to the potential SMEs and other stakeholders to garner maximum participation to this significant event.



Photo Gallery



From (L-R) Mr. Sagar Chordia, Managing Director, WTC Pune, Mr. Vijay Kalantri, President, AIAI and Mr. Edgard Kagan, Consul General of USA in Mumbai and Ms. Sonia Sethi, Additional DGFT in Mumbai during the 242 National Day of US on 3 August, 2018 in Mumbai



From (L-R) Mr. Vijay Kalantri, President, AIAI, Mr. A. Muthu, Director, SAF Yeast Company, Mr. Satish Mahana, Hon'ble Minister, Industrial Development Department, Uttar Pradesh, Mrs. Sangeeta Jain, Director, AIAI and Mrs. Rupa Naik, Senior Director, WTC Mumbai during Odisha Investors Meet on 8 August, 2018 in Mumbai



From (L-R) Mrs. Subhadra Kumari, Mr. Vijay Kalantri, President, AIAI, Mr. Jaykumar Rawal, Hon'ble Minister for Employment Guarantee Scheme and Tourism Development, Govt. of Maharashtra and Ms. Stefania Costanza, Consul General of Italy in Mumbai during dinner at Italian Consul General house on 8 August, 2018.



Mr. Vijay Kalantri, President, AIAI with Mr. Ratan Tata, Chairman, Tata Group during the 53rd Singapore National Day celebrations in Mumbai on 11 August, 2018



From (L-R) Ms. Sangeeta Jain, Director, All India Association of Industries (AIAI), Mr. Damian Irzyk, Consul General of Poland in Mumbai, Ms. Rupa Naik, Hon. Director, All India Association of Industries (AIAI) and Senior Director, World Trade Centre Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and during a meeting with Mr. Damian Irzyk new Consul General of Poland in Mumbai to discuss and promote trade and tourism opportunities between India and Poland



From (L-R) Mr. Dato' Ramesh Kodammal, Council Member, ASEAN Business Advisory Council, Mr. Vijay Kalantri, President, AIAI and Mr. Johnny Chotrani, Chairman, Philippine-India Business Council during the 10th Edition of the Delhi Dialogue on 19-20 July 2018 at New Delhi, India on the theme of "Strengthening India-ASEAN Maritime Advantage".

Photo Gallery



At the inauguration of a solo show Art Exhibition "Eye Didn't Note" by artist Hetal Shukla based on the concept of old and new Indian currency



At the inauguration of the 10th edition of G-Fair Korea in Mumbai with Mr. Deepak Kesarkar, Hon'ble Minister of Home, Rural Finance and Planning, GOM, Mr. Soungun Kim, Consul General of Korea in Mumbai, Mr. Janesh Nair, Dr. Lalit S Kanodia, President, IMC and others on May 16-17, 2018.



(L-R) Mr. Kamal Morarka, Chairman, MVIRDC WTC Mumbai and the High Commissioner of Islamic Republic of Pakistan to India H.E. Mr. Sohail Mahmood on May 23, 2018 in New Delhi



In conversation with Dutch Deputy Prime Minister and Minister of Agriculture, Nature, Food Quality Ms. Carola Schouten at Trade Dinner organised in her honour on May 25, 2018.



With Mr. Crispin Simon, British Deputy High Commissioner in Mumbai during an event on 4 June, 2018



With Mr. Randhir Kapoor, Actor, Mr. Kamal Morarka, Chairman, WTC Mumbai and Mr. M.K. Sanghi at an event in Trident, Mumbai on 8 June, 2018



Attended Interactive session about working across cultures led by cross-cultural HR expert and Coach Ms. Heather Gupta on June 20, 2018



(L-R) Prof. Bambang P.S. Brodjonegoro, Minister of National Development Planning/ Head of BAPPENAS, Mr. Vijay Kalantri, President, AIAI and Mr. Ade Sukendar, Consul General of Indonesia in Mumbai during AIB 2018 annual meeting on 25-26 June, 2018

Photo Gallery



(L-R) Mr. Michal Siwek, Head of Commercial Cooperation Department, Bank BGZ BNP Paribas, Ms. Beata Pich, Counsellor, Department of Economic Cooperation, Ministry of Foreign Affairs, Mr. Vijay Kalantri, President, AIAI, Mr. Marek Mika, Executive Director, National Association for Entrepreneurship Encouragement, Ms. Sangeeta Jain, Director, AIAI and Mr. Arkadiusz Lewicki, Director, Polish Bank Association during AIIB 2018 annual meeting on 25-26 June, 2018



From (L-R) Mr. Vijay Kalantri, President, AIAI, H.E. Mr. Sukhrob Kholmuradov – Dy Prime Minister and Mr. Sardor Sagdullayev, Head of Department, State Committee for investments of the Republic of Uzbekistan during AIIB 2018 annual meeting on 25-26 June, 2018



Mr. Vijay Kalantri, President, AIAI with H.E. Mr. Adam Burakowski, Ambassador of Poland to India (center) along with the polish delegation during AIIB 2018 annual meeting on 25-26 June, 2018



Mr. Vijay Kalantri, President, AIAI with Mr. Nilekani Co-Founder and Chairman, Infosys and the Founding Chairman, UIDAI



from (L-R) Ms. Catherine Lee, Mr. Vijay Kalantri, President, AIAI and Mr. Walter Yeh, Executive Vice President of TAITRA during WTCa board meeting in London.



from (L-R) Mr. Vijay Kalantri, President, AIAI, Mr. John Drew, Chairman, WTCa and Mr. Walter Yeh, Executive Vice President of TAITRA during WTCa board meeting in London.



From (L-R): Mr. Jordan Reeves, Consul General of Canada in Mumbai, H.E Mr. Nadir Patel, High Commissioner of Canada in India and Mr. Vijay Kalantri, President, All India Association of Industries at the farewell function organised in honour of the Consul General of Canada in Mumbai



From (L-R) Mr. Vijay Kalantri, President, AIAI with Mr. Greg Zoeller, Chairman, WTC Indianapolis and Mrs. Rupa Naik, Senior Director, WTC Mumbai during a meeting at WTC Mumbai

Photo Gallery



From (L-R) H.E. Mr. Sodiq Safoev, First Deputy Chairman of the upper house of parliament of Uzbekistan, Mr. Abdulaziz Kamilov, Minister of Foreign Affairs, Uzbekistan, H.E. Mr. Vinod Kumar, Indian Ambassador in Uzbekistan and Mr. Vijay Kalantri, President, AIAI during a meeting



From (L-R) Mr. Avinash Batra, Mr. Vivek Burman, President, HCCD-India, Mr. Vijay Kalantri, President, AIAI, Ms M L Ramogkopa, Consul General of South Africa in Mumbai during an event in Mumbai



Mr. Vijay Kalantri, President, AIAI with Mr. Satya Pal Malik Governor of Jammu and Kashmir, Mr. Kamal Morarka and Mr. Ravinder Manchanda in J&K.



Mr. Vijay Kalantri, President, AIAI, H.E. Mr. Farhod Arziev, Ambassador of Uzbekistan to India and Mr. Madhusudan Agrawal, Vice Chairman Ajanta Pharma.



Mr. Vijay Kalantri, President, AIAI with dignitaries at the Uzbekistan Airways Launch



Mr. Vijay Kalantri, President, AIAI with Mr. Vijay Sampla, Minister of State for Social Justice and Empowerment, Government of India during the celebration of National Day of Uganda



Mr. Vijay Kalantri, President, AIAI with H.E. Ms. Grace Akello, High Commissioner of Uganda in India, Mr. Madhusudan Agrawal, Vice Chairman Ajanta Pharma and others during the celebration of National Day of Uganda



Mr. Vijay Kalantri, President, AIAI with Mr. Walter Yeh, Executive Vice President of TAITRA and Mr. Y.R. Warerkar, Executive Director, WTC Mumbai

Photo Gallery



Meeting With Mr Dinesh Bhatia Consul General of India in Toronto to discuss promoting bilateral trade ties with Canada



Mr. Vijay Kalantri, President, AIAI with Mr. Walter Yeh, Executive Vice President of TAITRA and Mr. Ghazi Abu Nahl, Chairman, World Trade Center Qatar



Mr. Vijay Kalantri, President, AIAI With Mr. Damian Irzyk, Consul General of the Republic of Poland in Mumbai and Ms. Rosimar Suzano, Consul General of Brazil and Dean of Consular Corps during celebration of 100th National day of Poland.



Mr. Vijay Kalantri, President, AIAI with Mr. Peter Huyghebaert, Consul General of Belgium in Mumbai on the occasion of King's Day of Belgium



Mr. Vijay Kalantri, President, AIAI with Ms. Stefania Costanza, Consul General of Italy in Mumbai and Mr. Y.R. Warekar, Executive Director, WTC Mumbai



Mr. Vijay Kalantri, President, AIAI with Ms. Rosimar Suzano, Consul General of Brazil and Dean of Consular Corps and Mr. Y.R. Warekar, Executive Director, WTC Mumbai during 129th Anniversary of the Brazilian Republic Day



Mr. Vijay Kalantri, President, AIAI with Mr. Edgard Kagan US Consul General to Mumbai, H.E. Mr. Kenneth Juster, US Ambassador to India and others during the 26/11 attack 10th anniversary in Mumbai



Mr. Vijay Kalantri, President, AIAI with Mr. Vijay Rupani, Hon'ble Chief Minister of Gujarat, others and Mr. Damian Irzyk, Consul General of the Republic of Poland in Mumbai

Government identifies 12 champion sectors to promote services exports, says Mr. Suresh Prabhu, Hon'ble Minister of Commerce & Industry and Civil Aviation



[Left – Right: YR Warkerkar, Executive Director, World Trade Centre Mumbai ; Mr. Damian Irzyk, Consul General of Poland in India; Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai; Amb. Manoj K. Bharti, Additional Secretary (ED and States), Ministry of External Affairs, Government of India; H.E. Mr. Ernest RWAMUCYO, High Commissioner of Rwanda in India; Dr. Rajan Sudesh Ratna, Economic Affairs Officer, Trade, Investment and Innovation Division, UNESCAP and Capt. Somesh Batra, Vice Chairman, World Trade Centre Mumbai at World Trade Expo, 29-30th October, 2018 at World Trade Centre Mumbai

For the first time in India's history, government identified 12 champion sectors and line ministries to promote exports," says Mr. Suresh Prabhu, Hon'ble Minister of Commerce & Industry and Civil Aviation, Government of India in a video message at the World Trade Expo 2018 organized by World Trade Centre Mumbai and All India Association of Industries . Mr Prabhu further stated that India is poised to increase its share in global trade. In 2017-18, India's exports have recovered and started growing at 9% after declining for several years. Further he stated, "I am happy to share that the recovery of India's exports has started during my tenure as Minister of Commerce". In the current year, India's exports are growing at 15-16%, despite small blip in last September.

India's Ministry of Commerce is working on a strategy of preparing a comprehensive road map to promote India's export. As a part of this initiative, Government of India has called upon the line ministries to discuss export promotion strategy apart from giving targets and ideas to each of these ministries to enhance exports.

Ministry of Commerce has already prepared and cleared the agriculture exports policy which will soon be cleared by the Cabinet. Also policies for various territories and regions have been formulated. Commerce Ministry is holding meetings with its counter parts in African countries, where India's export share is hardly 8%. Similar talks are on with Latin America. Government of India is also identifying potential new markets in Central Asia.

"The Ministry of Commerce has also prepared a strategy for champion sectors in services to promote exports. As part of this strategy, 12 champion sectors have been

identified with an export potential of Rs.5,000 crore. We are working on this strategy to encourage India's services sector exports," Mr Prabhu said.

In the inaugural welcome address Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai said, "World Trade Expo is one of its kind initiative in the financial capital of India to connect India's Micro, Small & Medium Enterprises (MSME's), Startup Companies with global Markets. The Expo will also promote India's ambitious policies on Startup India, Digital India, Make in India, Skill Development, apart from trade & Investment. The focus sectors of the World Trade Expo are Trade/ Investments, Health & Personal Care, Education, Agro and Food Processing, Technology, Tourism and Culture and other areas of economic interest".

Speaking on this occasion, Amb. Manoj K. Bharti, Additional Secretary (ED and States), Ministry of External Affairs, Government of India said, "The rise of India is the one of the most significant economic stories of our time. India has the global advantage on three major aspects: Democracy, Demography and Demand. The long-term growth prospect of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India's cost-competitive and highly efficient and advanced manufacturing sector has attracted international companies to set up research and development labs as well as production and service infrastructure for the global market. These measures will help India realize its goal to attain a US\$7 trillion economy by 2030 from the current US\$2.4 trillion."

In the concluding remarks, Mr. Damian Irzyk, Consul General of Poland in India said, “The European Union is India’s largest trading partner, accounting for 13% of India’s overall trade. Our bilateral trade in commercial services has tripled to Euro 29 billion in the decade ending 2016. European Union is also the second largest investor in India with Euro 70 billion cumulative FDI between 2000 and 2017, accounting for a quarter of total foreign investments into the country . Mr Irzyk invited Indian companies to take advantage of the strong consumer market of 38 million people in Poland.

H.E. Mr. Ernest RWAMUCYO, High Commissioner of Rwanda in India said, “India and Africa together make a vibrant economy of 3.5 billion people and USD 5 trillion

economy, with greater voice in the world trading regime. In the last 15 years, India-Africa bilateral trade has grown 20 times and today it stands at USD 70 billion. This has the potential to grow much faster and can cross the USD 100 billion mark in the next couple of years.”

“India’s share in world trade is hardly 2.15%, which is far less than its contribution of 3.21% to world GDP. India has signed multiple trade agreements with some countries. These complex agreements make it difficult for Indian exporters to understand the duty benefits, concessions and eligibility conditions to avail these benefits.” said Dr. Rajan Sudesh Ratna, Economic Affairs Officer, Trade, Investment and Innovation Division, UNESCAP



Day : 2

“Tourism Sector has huge employment potential for women” says Mr Jaykumar Rawal



At World Trade Expo 2018 organised by World Trade Centre Mumbai and All India Association of Industries.

Addressing the gathering of audience comprising of Consulates, Senior Government Officials from prominent states of India, Mr Rawal said that the Tourism sector has been a significant business contributor in the economic spectrum and has been experiencing continuous expansion and diversification. It is the fastest growing sector in the world. He further said that “we are more connected to the world today than ever before. The impact of digital revolution has snow-balled exponentially into wider corners of world. This year, the digital revolution and innovation has taken centre stage for continued growth in conjunction with greater sustainability in tourism.

Expressing his sincere gratitude to the organizers, Consulates, Exhibitors from 30 countries across the globe and 08 prominent State Government Officials participating in the Expo, Mr. Rawal said, “I am happy that the World Trade Expo 2018 also highlights the prospects of Women Entrepreneurship. The UN WTO global report 2010 highlighted the aspect of Women In Tourism. The tourism sector is a vital component for economic development through foreign earnings and generates employment opportunities. This sector has huge potential to generate significant employment opportunities for women. There is a streamlined focus on mega and MSME tourism units. We are also leveraging all

state and central skill development schemes. In Maharashtra, we are facilitating the Ministry of India's Hunar Se Rojgar Tak programme in association with hospitality institutes like IHM-Mumbai.

Speaking on this occasion, Dr. Harshdeep Kamble, Development Commissioner (Industries), Directorate of Industries, Government of Maharashtra said, “The Government of Maharashtra is working on a new industrial policy with special focus on promoting exports, supporting MSMEs and enhancing ease of doing business. Maharashtra has around 3 million MSMEs, the largest number in any state of India and also the leading industrial state that attracts more than 31% of total FDI in the country. The state government is promoting industry 4.0 technologies such as artificial intelligence to enhance its export competitiveness.” Dr. Kamble invited views and suggestions from the industry so that they can be incorporated in the proposed industrial policy of the state.

“DGFT has taken various initiatives to reduce cost of trading. Some of them are introduction of automatic approval of export incentives, relaxation of norms for duty-free imports and introduction of digital signature,” said in his remarks, Mr. Sambhaji Chavan, Senior Deputy Directorate General of Foreign Trade, Mumbai.

In the open house session to facilitate the exporters and the export, Mr. Ramesh Chander, Commissioner – Customs, Mumbai said, “The Central Board of Indirect Taxes and Customs (CBIC) has taken various measures to



automate filing and verification of documents and thereby reduce manual intervention. CBIC is integrating into its system the international best practices on ease of paying taxes and ease of trading across borders. Some of the best practices adopted by the customs department are RFID-enabled electronic cargo tracking system, onsite port clearance audit and introduction of ICEGATE.” He further suggested that “exporters and importers to make use of e-sanchita portal for uploading their documents instead of carrying hard copies of papers to the customs office.”

Another prominent speaker of an open house session Dr. Rajat Srivastava, Director & Regional Head, EEPC INDIA, Western Region said “Engineering sector represents 25% of India’s total exports, with a volume of USD 76 billion, which is expected to touch USD 78 billion in the current year. We need to encourage local engineering enterprises to adopt cutting edge technologies to enhance their global competitiveness and exports.”

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade

Centre Mumbai said that “India has one of the highest cost of cargo transport in the world. The final cost of this is borne by the consumer which reduces the overall growth of the economy. Therefore, Mr. Kalantri suggested government officials to relax inspection and audit norms for long standing businessmen and traders. Instead of tightening rules and regulations in response to stray instances of misconduct by some businessmen, the government must relax procedures for the majority of businessmen, who are honest.”

Mr. Kalantri suggested Government of Maharashtra to come out with notification for all the new policy announcements on the same day for the industry to benefit. He also proposed the state government to revive Maharashtra State Financial Corporation (MSFC).

“Foreign trade binds different nationalities to make them realize their interdependencies, to understand each other’s culture and heritage, to create opportunities for inclusive growth”, said Ms. Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai in her vote of thanks.



Event Supported by AIAI



Events	Events
<ul style="list-style-type: none"> ● 10th Edition of G Fair Korea 2018 Date: 16-17 May, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● INSOLVENCY SUMMIT 2018 Date: 21 September, 2018 Venue: Mumbai
<ul style="list-style-type: none"> ● 2nd Annual Private Banking & Wealth Management Summit India (PBSI) Date: 8 June, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● Rangostav 2018 Date: 26 September, 2018 Venue: Mumbai
<ul style="list-style-type: none"> ● 10th Edition Manufacturing IT Summit 2018 Date: 14 June, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● 6th Edition of The Economic Times Infra Focus Summit 2018 Date: 27 September, 2018 Venue: New Delhi
<ul style="list-style-type: none"> ● 8th India Warehousing Show 2018 Date: 21-23 June, 2018 Venue: New Delhi 	<ul style="list-style-type: none"> ● Interactive meeting with High-level Business Delegation From Taiwan Date: 8 October, 2018 Venue: WTC Mumbai
<ul style="list-style-type: none"> ● AMTEX 2018 Date: 6-9 July, 2018 Venue: New Delhi 	<ul style="list-style-type: none"> ● 11th Edition Manufacturing IT Summit 2018 Date: 11 October, 2018 Venue: Delhi
<ul style="list-style-type: none"> ● 4th National Summit Bankers Borrowers Business Meet 2018 Date: 9 August, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● Paperex South India 2018 Date: 15-17 November, 2018 Venue: Chennai
<ul style="list-style-type: none"> ● RWE 2018 – RECYCLING & WASTE EXPO Date: 17-21 August, 2018 Venue: Pune 	<ul style="list-style-type: none"> ● Devdas- A Fundraiser Event Date: 16 November, 2018 Venue: Mumbai
<ul style="list-style-type: none"> ● AUTOMATION 2018 Date: 29 August-1 September, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● Ascent Conclave 2018 Date: 22 November, 2018 Venue: Mumbai
<ul style="list-style-type: none"> ● ASSOCON 2018 Date: 3 September, 2018 Venue: Mumbai 	<ul style="list-style-type: none"> ● 7th India Warehousing & Logistics Show Date: 23-25 November, 2018 Venue: Pune
<ul style="list-style-type: none"> ● 13th Edition CFO Leadership Summit 2018 Date: 19 September, 2018 Venue: New Delhi 	<ul style="list-style-type: none"> ● The Economic Times 2nd Annual India –UAE Strategic Conclave Date: 27 November, 2018 Venue: Abu Dhabi

E-commerce and Digital Economy

We are pleased to make the following submission on the above subject. Electronic commerce has grown beyond almost everyone's expectations. Every day, more people are finding new ways to provide innovative products and services electronically. The Internet is changing the way businesses do business, from the acquisition and servicing of customers, to the management of their relations with suppliers. It is revolutionizing our access to information and the way we communicate, shop, and entertain ourselves. The growth of e-commerce in the last couple of decades provides strong evidence that electronic commerce will be the engine for economic growth in the present century and beyond.

Two facets of the "digital economy," electronic commerce (i.e., business processes which shift transactions to the Internet or some other non-proprietary, Web-based system) and the information technology (IT) industries that make e-commerce possible, are growing and changing at breathtaking speed, fundamentally altering the way people around the world produce, consume, communicate, and play. IT-producing industries (i.e., producers of computer and communications hardware, software, and services) that enable e-commerce play a strategic role in the growth process. Driven by customer demand and business imperatives, the digital economy today is a truly global phenomenon.

Electronic commerce is a means of conducting transactions that, prior to the evolution of the Internet as a business tool, would have been completed in more traditional ways—by telephone, mail, facsimile, proprietary electronic data interchange systems, or face-to-face contact. Evidently, the 21st century will witness sweeping growth, not only in e-commerce, but in the infrastructure that will support future e-commerce development.

Willingness to conduct business online is influenced by a variety of factors. In some countries concerns over privacy and security of credit card purchases deter e-commerce expansion. In other countries, political and regulatory issues are discouraging factors. The deterrent cited most often, however, is the cost of Internet access. The pricing structures of local residential telephone calls in many countries is not so conducive to online shopping. Conversely, a factor facilitating e-commerce growth is the availability and cost of broadband access. As countries deregulate their telecommunications markets they quickly see lower prices translate into increased e-commerce activity.

The U.S. lead in worldwide e-commerce is diminishing as

other countries increase their participation in the global digital economy. Recognition of the benefits that can arise from full participation in the information economy is not limited to the world's developed nations. For much of the world, however, e-commerce and the movement to a digital economy in general are constrained by a lack of critical infrastructure. Both on national and transnational levels, developing countries are struggling to determine how they too can benefit from the emerging digital economy, given other needs and the condition of their electric and telephonic infrastructure.

It is important that governments set policies that will facilitate, not hinder, Internet development. Ideally, the e-commerce plank must rest on the following five principles --private sector leadership, avoidance of undue restrictions, establishment of a legal environment based on a contractual model of law, recognition of the unique qualities of the Internet, and facilitation of global e-commerce-- to foster e-commerce development.

E-commerce, Developing Economies and the MSME sector

E-commerce is rapidly transforming the way small and medium enterprises conduct their business in the global marketplace today. E-commerce is fast building a new generation of small and medium enterprises which is all geared to embrace the internet technology revolution to gain access to new markets in the global arena. The transformation is particularly vivid in Asia with China and India leading the fray. Over the last few years China has witnessed an unprecedented growth in its e-commerce market and currently stands as the largest e-commerce market in the world.

In 2014, turnover in Chinese e-commerce surged 25 per cent to 13 trillion yuan (\$2 .1 trillion) . Today almost every fourth internet user worldwide is in China. That translates to more than 640 million internet users, which is more than the next three countries. The US, India and Japan). Annual growth in the e-commerce marketplace in China has remained at over 20 per cent.

E-commerce has offered significant opportunities to SMEs, specially for exporters, to enter distant markets and to communicate globally with consumers, distributors and suppliers. SMEs engaged in e-commerce have witnessed increased income, with their business income growing 1.35 times than that of enterprises not engaging in e-commerce.

The e-commerce sector in India is projected to cross USD 80 billion by 2020 and USD 300 billion by 2030. And is already changing the way small and medium businesses

operate in India. The SME sector accounted for more than 8 per cent of the GDP in 2014 while contributing to 45 per cent of the nation's industrial output and 40 per cent of the total exports. The SMEs in India add over 1.3 million jobs per year. By connecting small businesses, including local artisans, to a national and global marketplace, e-commerce can help cultivate a new class of entrepreneurs and create jobs for tens of millions of Indians.

An important observation is that while 100 per cent of India's high-web SMEs have e-commerce presence, 75 per cent of the low-web SMEs also adopted e-commerce. A similar trend can be observed when drawing comparisons with other developing countries such as China, Indonesia. This implies that even SMEs with limited online presence, at least in the developing markets are beginning to realize the potential of e-commerce or having online presence. As the e-commerce ecosystem develops and cross border trade improves, the online export market will also expand for SMEs that leverage internet technology for growth and sustenance.

While traditional SMEs have focused on their core operations without experimenting with new and advanced technologies, e-commerce has helped technology enabled SMEs to grow significantly over the last few years. While 98 per cent of the technology enabled SMEs in India participate in the country's share of export revenues, only 11 per cent of the traditional SMEs export goods and services.

By adopting e-commerce, SMEs will achieve significant advantages such as increased revenues and margins, improved market reach, access to new markets, cost savings in marketing and communication spend, customer acquisition and improved customer experience.

The Indian government's initiatives such as "Make in India", "Digital India" and "Skill India" are all aimed at facilitating growth of SMEs in the country, and enable them to tap into the potential of e-commerce.

Technologically, e-commerce creates new investment opportunities and jobs through the integration of the internet with primary, secondary and tertiary sectors of the economy (agriculture and natural resources, industry, and service industry, respectively).

In the past the US and advanced economies were the ones who created and commercialized new ICT innovations. In the future, such innovations will be increasingly launched in China and India, progressively moving to other dominant players in Asia.

India investments

With the present government in India, business confidence has significantly improved. In 2014, investors aggressively funded the e-commerce sector due to strong growth prospects. Apart from the traditional online formats of retail and lifestyle, newer online business segments such as real estate, grocery and healthcare were also tapped. The focus is mainly on ancillary service providers – companies involved in support functions ranging from delivery, logistics and payments – with investments largely driven by the relatively lower valuations and smaller amounts of capital required.

FDI

Indian government has allowed 100 per cent foreign direct investment (FDI) in the e-commerce sector. FDI would be allowed only for e-commerce players under the marketplace model and not under the inventory-led model. This means that companies such as Amazon, Alibaba can set up online market place legally now where sellers can hawk their products. But the policy does not allow Amazon or Alibaba to become a seller.

By 2020, eTail in India is expected to account 3% of total retail. While the share of online shopping in total retail has increased at a fast pace in the last few years, it is still miniscule compared to the figure in China, where the share is 8-10%.

Major players in India

Flipkart, Snapdeal, Quikr, Jabong today are some of the big players in ecommerce sector in India. While in China Alibaba has swept the ecommerce market.

Flipkart is a \$3 billion e-commerce company in India. Flipkart was started in 2007 and within 5 years has become the leading e-commerce player of Indian market. Flipkart started with online booking stores and later on it has added gadgets, electronic items and apparels. In these few years Flipkart is able to build bond of trust among buyers and because of this Flipkart has achieved strong growth.

Snapdeal was started in 2010 and within 3 years captured huge share of Indian e-commerce industry. Initially it was started as a discount coupon website but to capture growing e-commerce market Snapdeal has changed their business model.

E-bay India is a 100% subsidiary of international top online e-commerce company e-bay Inc.

Jabong founded in 2012 is a leading fashion portal of India. They offer more than 90,000 products.

To get the maximum benefit from e-commerce business,

a large number of companies are adopting different innovative ideas and operating models including partnering with online marketplace or setting up their own online stores.

Demographic dividend

The fast growing internet population of 243 million in 2014 is an indicator of the sector's huge growth potential in India. Around 75% of India internet users are in the age group of 15-34 years. This demographic dividend favours the growth of e-commerce. In coming years, as internet presence increases in the rural areas, rural India will yield more e-commerce business.

High growth

The e-commerce industry in India may currently be behind its counterparts in a number of developed countries and even some emerging markets. However with India's GDP growth pegged at over 6 per cent, it is expected to grow rapidly. Moreover, the Indian e-commerce industry has access to funds from within the country and international investors. Overall, the e-commerce sector is maturing and a number of serious players are entering the market.

Business model

What differentiates the Indian e-commerce market from that of a country like China is that while market concentration in China is largely on account of Alibaba-owned Taobao and Tmall (with these players holding a higher percentage of market share than the top players in most of the other major markets), in India the market share is divided amongst several e-commerce companies, each coming up with its own business model. As a result, customers have a wide range of products and services to choose from.

Huge potential

There is humongous potential for e-commerce companies owing to the growing internet user base and advancements in technology. However this will not be without the share of challenges, be in operational, regulatory or digital. How a company prepares itself to meet these challenges will decide whether or not it succeeds.

E-commerce work programme at the WTO

E-commerce has been the subject of intense debate at various fora both at the international and national levels in recent years. The subject has been widely discussed by various stakeholders and interest groups at the WTO Public Forum, a prestigious platform representing the voice of the governments, civil society, business and

MSMEs. World Trade Centre Mumbai and All India Association of Industries had the privilege to discuss E-commerce at the 15th edition of the WTO Public Forum at Geneva in 2016.

E-commerce was discussed by Ministers at the WTO Ministerial Conference held in Buenos Aires in December 2017. WTO members were clearly divided over the contentious issue of negotiating new global e-commerce rules under the aegis of the World Trade Organization. A few WTO members had sought the establishment of a working party at this crucial meeting and authorizing it to conduct preparations for and carry out negotiations on trade – related aspects of electronic commerce on the basis of proposals by Members.

India had contended that this proposal if carried forward at this crucial Ministerial Meeting would have widespread and serious implications for the global e-commerce business, which still remains at a fragmented stage. No doubt most WTO members have embraced e-commerce as an instrument of cross-border trading, yet it must be acknowledged that their capacity to fully adapt to this mode of trade transaction is highly uneven across geographical space and in many regions e-commerce is still at a very nascent stage. The reasons for this is not far to seek. E-commerce is highly technology intensive and WTO members, particularly developing and least developed countries, are yet to realize the full potential of e-commerce as a method of modern international trading.

Furthermore, the infrastructure for supporting e-commerce is very fragile in many LDCs and developing countries unlike in the developed nations. Most governments due to the limited scale of e-commerce activities in their trading and business landscape have made very little progress in structuring any viable policy to promote e-commerce in their territories. Understandably, many WTO members need a reasonable timeframe to develop their e-commerce platform in order to integrate the system during the transitional phase.

India argued that the new rules if adopted could provide unfair market access to foreign companies, hurting the rapidly growing e-commerce platform in many developing and LDC member states. A small business even if connected to the web and e-commerce enabled grid, will not succeed in a competitive world. Many MSMEs are ignorant of international opportunities, the needs of those markets and how to service them properly. They lack the capacity, both financial and technological, to absorb the benefits of e-commerce and compete with large, powerful global businesses.

Further, many countries where Trade Facilitation

measures are slow in progress and not yet fully implemented will face lengthy customs clearance time which nullify the benefits of speed in transactions offered by e-commerce. This affects service levels and increases the cost of business operations. Thus this will obviate the level playing field denying e-commerce opportunities in many member countries.

Many companies lack the capacity and the skills to adapt to new technologies required in becoming e-commerce enabled. The costs and skills required to set up an internal e-commerce infrastructure are often overwhelming for small and medium businesses. E-commerce being a relatively new domain for business, funding an e-commerce venture is not easy, and often turns out to be a difficult and risky proposition.

UNCTAD's new initiative 'eTrade for All', a program aims to assist developing countries to enter e-commerce platform. According to UNCTAD, four billion people around the world don't have access to internet. Most developing countries are facing massive challenges in adopting e-commerce and need to prepare as to how to cope with the challenges. It need hardly be emphasized that it calls for targeted efforts through appropriate legal and regulatory framework to understand the efficacy and emerging opportunities in e-commerce.

All policies and support systems must be in place at the national level to build an appropriate ecosystem for e-commerce. Therefore, any rules on e-commerce within the framework of WTO have to be in accordance with the

development processes and parameters of regional e-commerce initiatives.

Work Programme on Electronic Commerce

The WTO Ministerial Conference concluded with Ministers agreeing to continue the work under the Work Programme on Electronic Commerce and endeavour to reinvigorate their work and instruct the General Council to hold periodic reviews in its sessions of July and December 2018 and July 2019 based on the reports submitted by the relevant WTO bodies. General Council should report to the next session of the Ministerial Conference in 2019. Members also agreed to maintain the current practice of not imposing customs duties on electronic transmissions until the next Ministerial Conference in 2019. Proponents of Electronic Commerce, a mixed group of countries at various levels of development issued a joint statement on electronic commerce expressing their intent to advancing electronic commerce work in the WTO to better harness these opportunities.

Recognizing the particular opportunities and challenges faced by developing countries, especially LDCs, as well as by micro, small and medium-sized enterprises, in relation to electronic commerce, Ministers decided to initiate exploratory work together towards promoting open, transparent, non-discriminatory and predictable regulatory environments in facilitating electronic commerce. Such work will be built on WTO rules.

Grow your Opportunities through "AIAI Newsletter"

We invite participation in the forthcoming "AIAI Newsletter". This Newsletter which is published periodically, covers various activities of the Association, articles on current economic scenario and other related information in respect of trade and industry. Owing to its wide circulation among the members of the business fraternity, trade promotion bodies, Consular Corps and Indian missions overseas, there has been a highly encouraging response for participation in the AIAI Newsletter.

AIAI requests its members to consider conveying its business message to the right audience through the AIAI Newsletter by releasing advertisement.

For advertising in AIAI Newsletter please contact:

Ms. Sangeeta Jain, Director - AIAI
E-mail : sangeetaj@aiaiindia.com

Economic Revival will help Companies, Not IBC

The government introduced the Insolvency and Bankruptcy Code (IBC) in 2016 to help financial creditors recover their dues from defaulting companies by way of selling off their assets to viable companies. However, the government failed to realize that the default was owing to circumstances such as a slowdown in the economy post the global financial crisis of 2008 and weak investment demand in the economy. The slowdown was all pervasive and not specific to the ill-management of individual companies. The economy is slowly reviving now, not just from the global slowdown, but also from the aftermath of government policy actions such as demonetization and the introduction of GST.

The first set of 12 companies which were referred to the National Company Law Tribunal (NCLT) as per the directives of RBI is undergoing resolution now. It is interesting to note that the lenders may have to take a significant haircut in the process of resolution and any credit of fetching a good price can only go to economic revival which would have improved the repayments of the existing owners as well.

The steel sector is witnessing a pickup owing to measures such as minimum import price and anti-dumping duty on certain steel products along with the increase in steel prices. These measures can play a crucial role in attracting the interests of bidders. However, such a pickup would have helped the existing promoters as well. Even the cement sector is seeing an uptrend due to infrastructure project outlays.

In turn, the power sector is still witnessing operational issues such as absence of long-term power purchase agreements, lack of firm fuel supply agreements at a fixed price, cancellation of allocated coal blocks, delayed payments by state discoms and non-remunerative tariffs. These issues have resulted in stressed thermal power generation assets in the private independent power producers segment and so, for most of these power entities, the extent of bidding is expected to remain low with likelihood of high haircut on the debt amount.

Due to poor connectivity and assurances made by the State and Central Government, some Minor Ports also are facing financial crunch /NPA for reasons beyond their control. There is a need to have long term funding bonds for infrastructure projects and also resolutions to these sectors as is being done in the case of power and telecom sectors.

The resolution process is further facing hindrances from legal challenges from different stakeholders. We are concerned if the transfer of assets to the new enterprise

will encourage oligopolistic competition in the market or the new management will suffer the same fate as the old.

In India, there is a lack of opportunities and the rules, regulations and tax regime are cumbersome. Today, entrepreneurs in India prefer venturing into services, rather than manufacturing owing to a fear psychosis at the back of their mind over uncertainties in the economy such as government announcements and panic situations, which are highly media-driven. We have missed the manufacturing bus because capital-intensive manufacturing requires a stable economic environment owing to a long gestation period.

We need a better regulatory framework to monitor loan disbursements, proper assessment and diagnosis of a company's health, identify reasons for assets turning into NPAs such as structural bottlenecks in the economy in the form of poor infrastructure, contract enforcement etc., and a proper definition of willful defaulters.

It has to be realized that every entrepreneur is neither a defaulter, nor believes in fraud and malpractices. We, therefore, need to set up a conducive economic environment to support entrepreneurs, not only from India but also overseas, to build brands and projects in the country.

It's surprising that, as per our information, 6400 entrepreneurs in the year 2014/15, 7600 in the year 2016/17 and 9500 in the year 2017/18 have fled the country and have become NRIs; they are now doing business and making investments in other countries which does not augur well for us. Our aim of boosting GDP growth and job creation is not being realized.

We suggest that rather than creating an atmosphere of uncertainty and fear psychosis which deters away domestic and foreign investors eg. the government started with black money, then moved on to NPAs and then arised scams and frauds, we need to acknowledge the achievements of our entrepreneurs that do not get highlighted owing to the wrongdoings of a select few people.

While the amendments to IBC aim to keep willful defaulters and connected entities at bay while bidding for the stressed assets, an alternative could be a better screening mechanism where default would be just one of the parameters for non-selection. The IBC seems to kill competition and the entrepreneurial spirits of the bidder and instead of asking the existing promoters to clear their dues to be eligible for bidding, the government should come up with an open auction to derive best

prices where everyone can bid, thereby also creating transparency.

Advanced nations have well-developed markets for disposing off stressed assets, where these can be traded efficiently and their sale prices determined competitively. We lack such full-fledged markets in India and need an ecosystem to protect the interests of worthy, yet distressed promoters.

We believe the framing of the IBC in India should follow that of advanced nations, not only in spirit, but also in implementation. Considering that many of the companies referred to the NCLT are of strategic importance to the nation due to their forward and backward linkages, the revival of the economy depends upon the revival of these companies and therefore, these should be helped to sail through the troubled waters.

As regards the large corporates, a good option to recover dues can be securitization of NPAs, where the creditors (banks in our case) float a financial instrument backed by the assets of the companies that have turned into NPAs, and market it to investors in lieu of interest. This will not only save the banks from taking a cut by selling off these assets, but also create liquidity in the market. Eventually,

it will lead to revival of the investment cycle and put the economy back on a growth trajectory. A deepening of the financial markets will make the monetary policy effective and bring about a turnaround from recession.

Further, for NPAs upto Rs. 5000 crores, the government should come up with guidelines for one time settlement and rehabilitation, as was done in the past, rather than bringing them under the NCLT/IBC route, which will discourage future entrepreneurs and investors to start business in India and boost manufacturing, which is not taking off.

All the NPAs, and moreover, defaulters have started defaulting between 2009-14 due to policy paralysis and economy pricing, other than recessionary trends, not only in India but also globally.

There is need to come out with a comprehensive policy rather than pressing a panic button, which the world is looking at, so that India becomes an importing country in only services and not manufacturing. The NCLT, IBC, and even Ease of Doing Business, which have not yet percolated till the operational levels, are not yielding results.

AIAI welcomes increase in load capacity for heavy vehicles

We welcome the decision of the Ministry of Road, Transport and Highways to increase the capacity of heavy vehicles by 20 - 25% and also scrapping the mandatory annual renewal of fitness certificates for freight carriers which will go a long way in movements of cargo with added capacity and reduce cost said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI feels the overloading capacity will come down, this order will help to do away with the bottlenecks in smooth movements of cargo due to various rules and regulations, as it is there at times was overloading of vehicles as they had capacities but this decision will bring the norms and system in place added Mr. Kalantri.

AIAI further feels GST which is 28% on purchase of various vehicles, tyres and autoparts should be reduced to 12% and the CESS on petrol and diesel which is Rs. 8/- should be brought back to Rs. 2/- . As Central and State Government taxes on diesel and petrol have gone up and if brought down will bring in the much needed competitiveness and reduction in cost of cargo.

Confusion in the Indian Taxation Regime

Central taxes that The GST will replace

- Central Excise Duty
- Duties of Excise (medicinal and toilet preparations)
- Additional Duties of Excise (goods of special importance)
- Additional Duties of Excise (textiles and textile products)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Service Tax
- Cesses and surcharges in so far as they relate to supply of goods or services

State taxes that The GST will Subsume

- State VAT
- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entry Tax (all forms)
- Entertainment Tax (not levied by local bodies)
- Taxes on advertisements
- Taxes on lotteries, betting and gambling
- State cesses and surcharges

The Indian taxation system works on the objective of revenue collection rather than compensation against government services. Levying of tax should be a result of services provided by the government against various services offered by it and supply of goods to its citizens which can be sanitation, good roads, food, medicines, safety and security etc.

However, in the Indian taxation system two most critical issues are tax evasion and double taxation. Tax evasion per se happens 60% due to complex nature of taxes and fear of double taxation. Hence, legally certain tax evasion issue may be a pro case of non payment of taxes due to fear of double taxation. Again, India's two types of taxes i.e direct and indirect taxes have no points of intersection even in the case of the new concept of GST.

Only 11% of Indian population is sincerely paying @ 35% of their income towards taxes however, the service they receive against payment of this tax is not reflected in any of the Government actions. This 11% population is again subjected to about 65 another set of taxes leading to double taxation and receive discreet service against this taxation which many times results into only 30% value addition. Thus, an average tax payer loses 70% of his income in taxes gaining no returns at all. This 70% income of 11% population does not provide any accountability, hence can be fairly termed as black money in the hands of the government.

Government's fiscal expenditure is supported by tax revenue, trade and returns on investments in viable projects. However, in the present scenario trade is albeit hardly contributes to national income or GDP with major proportion being that of tax from 11% population and small proportion of returns on investment. If this is the case the resultant services from government side such clean water, sanitation, good roads, 24 hour electricity remain a distant dream.

The GST proposes to take into its ambit 70% of the taxes however, there are about 73 known number of taxes and at the same time there are number of many other taxes which may be still unknown to higher administrative concerns and are levied on taxee. Another issue with these lesser known taxes is their quantification when transgressed into the GST system of taxation. Quantification of lesser known taxes is forecasted to play a havoc in the future against the worth of tax paid and the supply of service. These taxes which were of miniscule nature amounting to amount 2-6% will strikingly rise to GST level with the taxee having to pay more. He might achieve respite in future setbacks but this will eat up his present working capital.

Looking at the time variation cost of capital will rise and imply no cost benefit to him. This is the very reason why the GST policy formation does not ensure 100% benefit in case of GST implementation and there is only an arbitrary statement about benefit. As reiterated in further discussions a complete reform with new infrastructure is a must without which the Government will not achieve any prospective good results.

Today, the need of the hour demands convergence of taxes under one realm so as to avoid double taxation. Taxation needs to be subject to services provided so that there is transparency in service delivery and clarity of purpose subject to deduction of tax for those services. For eg. a GST paid towards services delivered for maintenance of a patch of toll road needs to declare its yearly maintenance budget and zero tolerance to road mishaps due to presence of pot holes and rough road patch.

The best form of GST applied world over is being drafted in the country with two members from 30 members of the GST draft committee are being invited by other countries to draft GST in their countries. However, with

the present existence of so many small taxes proposed on the basis of need has complicated the system to such an extent that it will be difficult to sort the application of GST in real terms. Imposition of GST needs simplification of systems along with the strengthening of the MIS in the whole process of GST application. Data capture and integration in systems should be strong and there should be paperless application of GST.

Let's take for example an importer manufacturer exporter cycle. The importer pays central excise duty as the same is not merged with GST and sells the import to manufacturer at GST, a point should be noted that the importer is buying at central excise duty which is lower than GST and selling at GST to manufacturer which is higher thus the importer gets relief at a higher margin than the manufacturer. The manufacturer while selling domestically or to the exporter gets a relief on equal par. Thus, there is a hole in the system as the manufacturer is selling a value added service and taking a higher setback than the importer. This has avoided double taxation but the parity is still existing. Here we have taken a simple eg. but in reality there is presence of more than one importer manufacturer, export party in a value chain which would naturally create larger parity issues. In presence of data capture and integration on an online portal upon registration of parties in this value chain an appropriate award of setback is possible. This avoids confusion, informed and stream lining of taxes in the entire cycle. SGST and CGST both would be applicable on locally manufactured goods as this will be a dual taxation system. CST was not refundable but following GST, CGST would be refundable. Amount collected under SGST would remain in the state. This would decrease the parity between central and state tax collection regime. GST is also supposed to bring parity in transaction with two states.

Direct taxes implied on individuals don't find relief in most of the circumstances. The major issue in case of direct taxes is the TDS which is implied on savings which are already net of taxes. Introduction of ceiling for TDS deduction for a interest ceiling of Rs10000 has become obsolete with the inflation zooming to 8% sometime back and weak savings rate of 8% which led to erosion of already taxed savings deposit thus resulting into an higher effective taxation rate of 30% leading to loss on savings. The ceiling on TDS deduction against total FD interest needs to be urgently raised making the slab at least upto 30000 making further deposits possible and allowing banks more liquidity in long run. Bank deposits are being discouraged so as to park funds in other investment measures such as mutual funds, NPS etc , however, the nearly zero risk criteria offered by bank FDS for parking savings is not available with the other investment avenues.

Again, investment avenues should be matter of choice after filtering the risk capacities of individual investors or parties balancing their funds. Forcing of choice on individuals or parties by Government by manipulating long term forecasted interest rates on savings creates havoc in management of savings for retirement purposes as in the case for manipulation of PF and PPF interest rates which have been steady at 8% pre tax returns , a forced diversion of funds towards the newly introduced NPS was wrong strategy as each investment avenue needs to acquire its market price in terms of incentives provided by it and not by forcibly inducing attraction by subduing another tax lucrative avenue like PF and PPF. Moreover, direct taxes paid on account of salary received produce ideally zero benefit to the tax payer. There is no significant incentive in terms of medicines and education at all upon payment of taxes as the one available in some western countries. The slab of 2 lakhs for tax exemption hardly provides for relief in case of medicines or educational expenditure which has risen to about 40% of the earnings for a family of four.

Tax evasion is a result of tax confusion. Increasing number types and levels of taxes leads to two issues one is error in payment of the tax due and the other being fear of erosion of profit leading to evasion of tax. Normally, in the Indian scenario as mentioned earlier payment of taxes does not ensure satisfaction of services which becomes a precursor to tax evasion. Moreover, the weakened economy demands goods at lower prices with this parity fuelled by cheap Chinese imports. Complex web of charges increases value of goods at the consumer level and fine example of this is the popularity of the ecommerce portals which portray cheaper prices for goods than their retail value which is nothing but filtering of the levels of retailers in the value chain who have to pay taxes at each level thus leading to double taxation. Thus tax confusion can be eliminated by installing a newly built tax infrastructure replete with data information, capture and integration with sturdy MIS. A system like GST if implemented on an already existing architecture as happening in case of only partial coverage of taxes under the GST ambit will lead to further confusions.

There are 73 known and even more taxes levied on need based strategy. Complete abolition of the earlier taxation system is the only solution to have a healthy beginning to newer India. The Initiatives like MAKE in INDIA have failed to take a grip due to India's protectionist and conservative and rigid Tax infrastructure. In the past tax revenue was very weak and even today it is not strong enough to be an asset. Complexities in taxes have lead to decrease in tax revenue collection which have led to litigations and disputes which have not been beneficial to any of the parties. This practice needs to be eased out better value addition to goods and services needs to be the objective against the payment of taxes. If this practice is built into the system the projected tax revenue collection will wipe out most of the Indian fiscal deficit.

Problems Persisting in the Indian Industries Economy

While there are positives to the performance of the incumbent government such as introduction of GST, rise in tax-to-GDP ratio, increased capex in the road and rail sectors, increase in digital payments and rise in FDI in the past four years, the economy is marred with challenges such as poor agricultural growth, fall in exports, tardy job creation and poor investment climate, all imperative to climb upon a steady growth path.

Although the economy has moved up in the 'Ease of Doing Business' rankings, there are several factors where the country needs to catch up such as starting a new business, registering a new property, land acquisition, implementation of the various schemes such as UDAY, Make in India etc.

Taxes on petrol were not reduced despite low crude oil prices in the global market in the last few years and they led to an additional revenue of about Rs. 2.7 lakh crore. The Central government mopped up more than double excise duty at Rs. 2.4 lakh crore in 2016-17 from Rs. 99,000 crore in 2014-15. However, it is being argued that the government could not capitalise on the same.

Exports have fallen despite the lower import bill and the Indian Rupee is among the worst-performing currencies in Asia. Further, although exports are zero-rated, the implementation of GST on exports since July last year has disincentivised exports as the refunds are very slow. While the government has introduced measures such as substituting a bank guarantee or letter of credit in lieu of actual payment of IGST by exporters, exports are yet to pick up.

For us in India to realize its full export potential, and to increase its share of manufacturing in the economy, to create industrial jobs on a large scale, much needs to be done. This includes fiscal incentives for exports, appropriate exchange rate management, improved logistics and infrastructure, and so on. But zero-rating of IGST on exports of goods and services is an urgent priority”.

Industrial growth in 2017-18 was also only about 4.3 per cent. The core sector is witnessing weak growth. China-style development of large infrastructure projects such as the Delhi-Mumbai Industrial Corridor are not picking up owing to the inability of the government to implement land acquisition reforms. The power sector is ailing because private players are facing excess unutilized capacity in the absence of adequate Power Purchase Agreements.

Demonetisation has had a dire effect on the informal sector with GDP growth rate slowing down to about 6.5 per cent for an entire year post its implementation. While increased digitisation is being claimed as a positive fallout of demonetization, it cannot be ushered in as a shock since the uneducated informal sector cannot withstand the shock. While the GST has been successful in bringing more firms under the formal sector net, it is yet to get completely on track with multiple rates in place and the exemption of petroleum products from the same.

The investment climate is dull because banks are not in a position to pass over the benefits of repo rate cuts by the RBI in the form of lower interest rates to industry owing to mounting Non-Performing Assets (NPAs). About Rupees four lakh crore that returned to the system post demonetisation has not been lent out in the wake of rising NPAs which has created a severe liquidity and investment crunch in the economy.

While the Insolvency and Bankruptcy Code (IBC) and National Company Law Tribunal (NCLT) were expected to expedite NPA resolution, in the last one year they have admitted cases with NPAs even above Rupees one lakh, thereby increasing the administrative burden of carrying out NPA resolution. The amount should have been above Rs. 10 crores of undisputed claims. Further, the infusion of about Rupees one lakh crore in the last financial year, in distressed banks, as part of the government's proposal to recapitalise public sector banks with Rs. 2.11 lakh crore is grossly insufficient considering that the top three defaulters alone owe more than this to the banks.

Also, the RBI circular of 12th February 2018 which scrapped all the past restructuring mechanisms such as Corporate Debt Restructuring (CDR) and Strategic Debt Restructuring (SDR), and informed that if a borrower delays in payment for even one day, this should be seen as a stress and lenders should begin resolution of the stressed assets, should be done away with. Many a times, there is a consortium of banks which takes considerable amount of time from sanctioning to disbursement of loans. At times, the time taken is nine months to one year, so the existing norms would make an account NPA even before the project starts.

There is a need to do away with coercive measures and resist from transferring stressed assets at throwaway prices. We need policy measures that aid growth and handhold the infrastructure, manufacturing and MSME sectors during difficult times, considering that all industries are interrelated and during a slowdown in the economy, all enterprises become weak owing to external recessionary pressures, resulting in a liquidity

contagion. In place of coercive measures, we need to come up with policies that help revive the economy and resolve NPAs through circulars such as the one brought out in 2000-01.

We are a 70-year-old economy trying to imitate 300-year-old developed economies in policy making. Shaming entrepreneurs and calling them defaulters in the press will only discourage upcoming entrepreneurs from taking risks and starting a new business. This policy is being followed nowhere in the world. Businessmen in the USA and Europe go through the insolvency process several times and again restart their business. What we are doing here is humiliating businessmen and provoking them to leave the country to do business elsewhere in the world by creating a fear psychosis.

Also, the bankruptcy resolution mechanism may eventually create oligopolies in the economy with only a few players dictating prices. We believe this is not what the government is looking for. We, therefore, need to rethink and come up with pragmatic policies and

guidelines for amicable settlements so that public money is safe and entrepreneurs feel secure. We need to generate employment and growth together in the country. It is said that IBC to serve as a seamless process of debt resolution, it is crucial to pick up operational nuances from the ongoing processes, spot critical points causing delay, and remove impediments via further amendments of the code and/or institutionalizing appropriate, well-defined legal and administrative solutions as standard operating procedures (SOP). If cognizance is not taken of hurdles in invocation of IBC, it can push banks into a pile of legal hassles with fear of perpetual loss of value of underlying assets”.

There's hardly any resolution under NCLT/IBC and expectation of higher hair cut from lenders. No claims to operational creditors or shareholders, shall only further discourage new entrepreneurs to start new business and some shall per existing assets and running assets at lower value, even the Resolution Professional appointed does not have good experience.

Systemic Weaknesses affecting MSMEs

The government announced demonetization of all Rs. 500 and Rs. 1,000 currency notes in November 2016. The idea was to arrest black money and bring all unaccounted money circulating in the informal sector into the formal sector. However, the banks received more money from the exercise than that was already into circulation before demonetization. What this typically construed is that the cash that was held by the public for transaction purpose got deposited into banks. It is being said that demonetization largely disrupted the informal economy. A major chunk of the informal sector i.e. the micro and small enterprises work on trade credit. It is a system that is easily accessible to small firms for fulfilling their working capital requirements and carrying out their business in lieu of a formal financing channel that is difficult to access and demands collateral.

Interestingly, about 99 per cent of our enterprises belong to the MSME sector. A disruption in their sources of borrowing disrupts the entire business cycle owing to the contagion effect. It leads to a slowdown in the economy and is aggravated by the NPA crisis of large corporates. As the cash that was with the public is now lying idle with the banks that are reluctant to lend with mounting NPAs and making provisions for the same, the trade credit cycle has been severely affected. Thus, the informal sector cash that was into circulation has been held up with the banks after demonetization and trade credit is suffering owing to lack of liquidity and its contagion effects. The demonetization and GST push to formalise the economy have come down further hard on the informal MSE sector owing to its digital illiteracy.

Moreover, the dumping, duplicating, counterfeiting and under-invoicing methods adopted by countries like China are posing a huge threat to our local manufacturing. People will definitely be willing to buy cheaper goods, irrespective of where they are manufactured. However, while the nexus between Chinese manufacturers, Indian traders and corrupt customs officials is very strong to be easily weeded out, we need strict government action to overcome this threat to our MSMEs and manufacturing, and thereby our economy, as such practices lower the production of our manufacturing sector, as also our GDP and exports. The RBI is dealing strictly with the NPA accounts. While not allowing a single day delay in the classification of NPAs, it has also introduced classification of Special Mention Accounts (SMAs), where the principal, or interest payment, or any other amount – wholly or partly – is overdue for even less than 30 days. Such stringent actions are taking a toll on our industrial sector.

Although the rules and regulations for MSMEs have been simplified, these are suffering owing to the systemic weaknesses in the economy as mentioned earlier, apart from lack of basic infrastructure facilities and finance, and delays in getting approvals from various authorities.

We also need measures towards 'Ease of doing Business' such as easy exits, contract enforcement, improved labour laws etc. which are cumulatively needed to remove supply-side bottlenecks to make our manufacturing and MSMEs cost and export-competitive.

BIMSTEC cooperation gains momentum in recent years

The two-decade old BIMSTEC regional cooperation is gaining momentum in recent years and it symbolizes the conviction of member countries in collective action and shared prosperity.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, popularly known as BIMSTEC, is a regional alliance of seven fast growing economies, namely Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand.

BIMSTEC was established through the adoption of Bangkok Declaration by four countries viz. Bangladesh, India, Sri Lanka and Thailand in July 1997. The launch of this cooperation initiative is a result of Thailand's Look West policy and South Asia's Act East policy. Myanmar joined this group by the end of 1997, while Nepal and Bhutan became part of this alliance in 2004.

Five of these seven member countries are also members of SAARC, two are part of ASEAN and six are part of The South Asia Subregional Economic Cooperation (SASEC). Therefore, BIMSTEC appears as a common link to multiple regional initiatives. Notwithstanding its cross-regional structure, BIMSTEC represents huge trade and investment potential, given the region's economic dynamism, huge markets and rich natural resources. It is a natural choice for strengthening India's footprints in the neighborhood under the Act East Policy (AEP).

BIMSTEC is home to around 1.65 billion people or 22% of the world population. Even though these countries together represent 22% of the world population, their contribution to world GDP and world trade are hardly 4.0% and 3.7% respectively. By working together on various economic spheres, these countries can harness the unexplored trade and investment opportunities and thereby enhance their economic growth potential.

BIMSTEC countries are strategically located in the Indian Ocean, which carries 80 per cent of sea-borne trade in crude oil. India, Bangladesh and Myanmar feature in the top 13 list of countries in availability of renewable water resources. The economy of Nepal is richly endowed with agro-biodiversity and is famous for horticulture and plantation crops such as ginger, tea, cardamom and turmeric.

Trade and investment is one of the initial six focus sectors of BIMSTEC cooperation as identified at the 2nd Ministerial Meeting in 1998. Without having an open trade and investment policy, BIMSTEC countries cannot have any meaningful cooperation in this area. As the BIMSTEC bloc accommodated more countries (Nepal and Bhutan) in 2004, the vistas of cooperation were subsequently enlarged to include sustainable development areas (SDGs).



BIMSTEC is home to 30% of the world's undernourished population. Therefore, this initiative has the mandate of finding collective solutions to lift a large population out of poverty and promote their access to education and healthcare. Thus, this cooperation also offers ample scope for collaboration in SDGs.

Today, BIMSTEC countries are working together on 14 sectors viz. trade, technology, energy, transport, tourism, fisheries, agriculture, public health, poverty alleviation, counter-terrorism, environment, culture, people to people contact and climate change.

Significance of BIMSTEC for India

For India, the regional cooperation of BIMSTEC represents a promising opportunity to strengthen ties with neighbouring countries. Realizing the significance of regional integration for economic and social development, India's former Prime Minister Atal Bihari Vajpayee suggested for a common currency and a customs union, similar to the European Union in South Asia.

BIMSTEC Cooperation is an important agenda in India's foreign policy because of four reasons. BIMSTEC offers a promising alternative regional cooperation initiative to SAARC. A sustained mutual cooperation based on trust will enable the member countries to attain their common goals of eradicating poverty, addressing climate change, combating terrorism and promoting overall well being and prosperity.

Secondly, India's north eastern states can leverage their proximity to Nepal, Bhutan, Bangladesh and Myanmar to develop greater trade and other economic partnership with these countries. Countries such as Nepal, Bhutan

and Myanmar share common challenges with India's north eastern states in terms of protecting biodiversity, securing livelihood of tribal population, developing power and road infrastructure, among others. A coordinated policy approach between India and these countries to address these challenges will be more effective than if these countries adopt policies independently. Development of road and rail infrastructure between India's north eastern states and these countries will open new vistas of trade opportunities.

Thirdly, India can use BIMSTEC as gateway to its trade and economic relations with ASEAN countries. Myanmar is the only ASEAN country with which India shares its border. Development of road and railway infrastructure between India and Myanmar can not only enhance bilateral trade, but also promote trade with other neighbouring ASEAN countries such as Thailand, Vietnam, Cambodia and Lao PDR.

Fourthly, from a geopolitical standpoint, a united BIMSTEC bloc is essential to counter China's access to Bay of Bengal. China is having friendly relations with BIMSTEC member states such as Thailand and Myanmar as these countries are strategically important for China. China is importing oil and gas from Myanmar by setting up dedicated pipelines from Myanmar's port city of Kyaukpyu to its southwestern province of Yunnan. The country is also investing in deep sea ports and other logistics projects in Myanmar so that it can import goods from EU, Middle East and other countries through Myanmar rather than transporting all the way to Chinese ports through Strait of Malacca and South China Sea. China is also eagerly expecting the development of the Kra Canal in Thailand, which will connect South China Sea to the Andaman Sea. Once constructed, this Canal can be used by China to transport its cargoes, instead of depending on Strait of Malacca.

BIMSTEC-The Way Forward

BIMSTEC countries must strengthen their physical and digital connectivity to harness the unexplored trade and

investment potential among these countries. The recent initiatives in this regard bode well for all the member countries.

India and other BIMSTEC countries are working on a Trilateral Highway to strengthen road connectivity among the member countries. India is also working with the neighbouring countries to strengthen border infrastructure, setting up land customs stations to ensure smooth flow of cargoes across its borders with Bangladesh, Nepal and Myanmar.

For instance, the improvement in road conditions and the recent opening of VISA facility through India-Myanmar land border opened an array of opportunities, especially in tourism and healthcare sectors. Reports suggest that an entrepreneur based in India's north eastern state of Manipur has launched package tours to Mandalay (in northern Myanmar). Another local business is planning to run charter air services to Mandalay. The gains are shared. Myanmar will get tourists and hospitals in Imphal (the capital city of Manipur) will benefit from inflow of medical tourists. India's outbound tourists (5.4 million) are increasing by 25% a year but Myanmar is yet to get a share of it, media reports suggest.

In future, BIMSTEC member countries must sign a motor vehicle agreement (MVA) to allow entry for vehicles from neighbouring countries. Such an agreement will ensure optimal utilisation of the Trilateral Highway and allow seamless movement of cargo vehicles across the borders of BIMSTEC countries.

The 4th BIMSTEC Summit, held in Kathmandu, Nepal on 30-31 August 2018, set the stage for bolstering this regional cooperation. Among other things, the leaders of the member countries agreed to prepare the draft charter for setting up BIMSTEC Secretariat. The member countries also agreed to set up BIMSTEC Permanent Working Committee and BIMSTEC Development Fund (BDF). These initiatives will pave way for a sustainable regional cooperation among the member countries.

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