

3. ANALYSIS

3.1. General

3.1.1 As already mentioned earlier that a questionnaire was specifically designed keeping in view the stated main objective of the study and the same was mailed to select 200 companies engaged in the exports of technology and technology intensive projects, services and products. In response, 54 replies were received. The information asked from the units included a brief profile of the company viz. name & address of the company, area of operation, and other details whether they have got international standards for their products, major export destinations and major competing countries, etc. Besides, they were asked to furnish information relating to the policies and incentives offered by other countries to their exporters.

3.1.2 An analytical statement indicating therein names of the companies, areas of their exported technologies/projects, products/services, export destinations, requirement of customs clearance approval by exporters in the competing countries, main competing countries, advantages and benefits enjoyed by the exporters in the competing countries, assistance desired by the responding companies from the Government of India and their views and comments appear at Annexure IV.

3.1.3 An analysis based on the replies given by the responding units is given below:

I Requirement of Customs Clearance in the Exporting Countries

Majority of units replied that customs clearance is required in the exporting countries. Some of the units also mentioned that besides customs clearance, they are also required to adhere to their technical approvals and tests. The products covered for technical approvals and tests as reported by the responding units include basic electrostatic powder spray guns, medicines like eye and skin ointments, level measuring and control instruments, arc welding machines and systems, specialised high quality electronics & microprocessor based embedded systems, telecommunication equipment, networking products, terminals, abrasives, super refractories, industrial ceramics and electro minerals, automotive products (tractors, trucks, buses, motorcycles and a wide range of auto components), design, engineering, manufacture, supply & installation of cement plants machinery & equipment, pharmaceutical products, handtools, reed switches, fuel injection equipment for diesel engines and auto electricals, and high-tech industrial motor control systems.

Besides, two units engaged in the manufacture and exports of automotive products stated that along with customs clearance, they are also required to get environment clearance.

II Policies of the Importing Countries

(i) Imposition of Customs Duty

Most of the units mentioned that rate of customs duty varies from country to country and product to product. No quantitative information was given. However, preferential treatment based on bilateral or multilateral agreements for some countries was available which make them more competitive than Indian exporters.

(ii) Restrictions Imposed by the Importing Countries on Customs Clearance

Some of the units pinpointed the following types of restrictions imposed by the importing countries:

- (a) As a matter of policy, Israeli-owned vessels are not allowed for entry in the Middle East Countries.
- (b) A unit engaged in the manufacture of herbal products stated that it has been facing problem of market access in many countries as these countries have their own approved list of medicinal plants allowed for import. This list varies from county to country. It would helpful if the Government of India sends a list of medicinal plants (as approved by Ayurvedic Pharmacopyia of India) to the importing countries and get the same included in their approved list of medicinal plats for imports.

(iii) Favourable Treatment Given by the Importing Countries to the Domestic Producers/Marketers

It was stated by some units that domestic producers and marketers in importing countries get favourable treatment in terms of taxes and duties and waiving of environmental clearance requirements. WTO and other international organisations need to deal with non-tariff trade barriers. A systematic data base need to be developed at national level, on the one hand, and taking up such matters with WTO, etc., on the other.

(iv) Advantages Enjoyed by the Exporters in the Competing Countries

Majority of the companies had indicated that their competitors' from other countries enjoyed a variety of advantages. These included strong infrastructure and automated operations. low labour costs in processing the technology and advantage of quality from having better technology/patent purchased, advantage of free trade agreements, setting up units in the common economic zones, low labour costs in processing the technology (in China), and economies of scale of production, availability of credit at lower rate of interest, and power at concessional rate.

III Benefits Provided by the Governments of the Other Countries to their Exporters

Exporters in other countries get substantial Government support to meet to their financial requirements. Nature of financial assistance available include export credit at the concessional rates, import of special components/parts required to manufacture high value products/capital equipments, purchase of patents/knowhow/licence transfers, exemption of duties imposed on raw materials to manufacture exported goods, low power tariffs, exemption from paying taxes for transporting of exportable products, fast track clearance at

ports for special berths and loading/unloading operations, special storing and warehousing arrangements at ports and dry docks, discounts offered by foreign country carriers to ship their exported goods, special discounts offered by foreign insurance companies for shipping exportable goods to their regular established exporters, and extension of promotional assistance through conducting market studies, participation in trade fairs/exhibitions/seminars/conferences, follow up of bids/offers, etc.

Besides the above-stated nature of financial assistance extended by other competing countries to their exporters, it was also found that countries like Bangladesh, Nepal, Bhutan are offering assistance such as exemption of duties on raw materials required to manufacture exported goods. Other type of financial assistance available was through extension of preferential treatment given to the African countries for purchase of patents, knowhow, and transfer of licences and facility of fast track clearance for loading and unloading operations in China and Thailand.

IV Government Assistance Desired by the Indian Exporters from the Government of India

The responding units stressed the need for extending them government support and assistance to meet their financial and technical requirements, and information needs. Details of assistance desired by them for these categories of assistance are given below.

(i) Financial Assistance

Extension of financial assistance for participation and conducting market surveys and feasibility studies abroad, importing raw material on duty exemption basis, extension of tax benefits for the percentage value of quantity exported and also for making availability of power at discounted tariffs, extension of the facility of duty exemption benefits for import of

special parts and components and also for acquiring technology support such as patent purchase, training, consulting services, joint ventures, collaborations and licence transfer, continuation of Duty Entitlement Passbook Scheme (DEPB), facility of export credit at lower rate of interest and duty free import of fuel.

Observation: A glance at the nature of financial assistance desired by the responding units show that they are not adequately aware that many of these facilities are already being extended by the Government of India. As such, there is need to launch an awareness campaign about these facilities to the industry.

(iii) Technical Assistance

The nature of technical assistance desired by the responding units comprised assistance for: carrying out further development of product technology, setting up joint ventures, and assistance of qualified research personnel and consultants for carrying out further development of product technology, identification and assessment of technologies, further development of process technology, setting up of pilot plants and projects, training in negotiations and technology transfer agreements; obtaining patents, transferring their licences and pilot plants/pilot projects from foreign countries, and soft loans /grants for technology development.

Here again, the exporters do not seem to be aware about the assistance and funding available for technology developments, etc.

(iv) Information Assistance

Nature of information assistance desired by the responding units included details of competitors/Original Equipment Manufacturers,

Government policy makers/industry associations/chambers of commerce, taxes and duty structure, rules and procedures, standards and quality systems for imports in export destinations, sourcing of technology for product or process technology development, foreign markets/export destinations on visits by foreign chambers of commerce delegations, environmental issues, banking and financial systems, TBT, TRIMS, TRIPS, IPR Laws, and cultural preferences and practices.

Besides the above-stated nature of information assistance, some units desired direct help from Indian High Commissions/Embassies for getting their proposals for providing consultancy services cleared by vigorously following -up with the concerned Government Departments, and entering into social security agreements with other countries for obtaining visas and work permits.

3.1.4 A brief description of the benefits enjoyed by the exporters of the competing countries and assistance desired by the exporting companies in India to enhance their export, as per replies received from the responding companies are given in Table 1.

TABLE 1

Benefits Enjoyed by the Exporters of Competing Countries and the Assistance Desired by the Exporting Companies in India

Sl. No.	Indicators	No. of Confirmations Received out of 54 Responding Companies
A.	Benefits Provided by Various Foreign Governments To Their Exporters	
1.	Exemption of duties on raw material	30

2.	Lower power tariffs	20
3.	Exemption from paying transport taxes	7
4.	Fast track clearance	31
5.	Special storing and warehousing arrangements at ports and dry docks	12
6.	Discounts offered by country carriers	14
7.	Discounts offered by insurance companies for shipping	10
8.	Assistance for the expenses incurred on inspection by client inspectors prior to despatch	11
9.	Promotional assistance support for feasibility/market studies participation in trade fairs/exhibitions/seminars/conferences, follow up of bid offers etc.	29

Sl. No.	Indicators	No. of Confirmations Received out of 54 Responding Companies
B.	Areas in which Financial Assistance Desired by Indian Exporters	
10.	Tax benefits & discounted power tariffs	31
11.	Duty exemption on imported raw materials	34
12.	Exemption of duty on import of special parts & components	28
13.	Special discounts/benefits for displaying in foreign trade fairs	33
14.	Participation in trade fairs/exhibitions in India/abroad & conducting of market surveys & studies abroad	38
C.	Areas in which Technical Assistance is Required by Indian Exporters	

15.	In obtaining patents	11
16.	License transfer	6
17.	Joint ventures	19
18.	Further development of products technology	27
19.	Further development of process technology	16
20.	Setting up of pilot plants/projects & training in negotiations and technology transfer agreements	14
21.	Identification and assessment of technologies	18

Sl. No.	Indicators	No. of Confirmations Received out of 54 Responding Companies
D. Areas in which Information Assistance about Importing Countries is Required by Indian Exporters		
22.	Competitors/original equipment manufacturers	26
23.	Sourcing of technology, visits by foreign delegations and foreign buyers/consultants	20
24.	TBT, TRIMS, TRIPS, IPR Laws	11
25.	Banks & financial systems	17
26.	Taxes & duty structure	22
27.	Cultural preferences/practices	8
28.	Environmental issues	19
29.	Govt. policy makers/industry associations/chamber of commerce	24

A quick review of the trade and policies indicates that many of these benefits/facilities/incentives are available to Indian exporters but some are not available or need to be enhanced. Some of the facilities/incentives not available or need to be enhanced/streamlined are indicated below.

- Lower power tariffs,
- Exemption from paying transport taxes,
- Discounts offered by insurance companies for shipping,
- Assistance for the expenses incurred on inspection by client inspectors prior to dispatch,
- In obtaining patents,
- Licence transfer,
- Joint ventures,
- Further development of products technology,
- Further development of process technology,
- Setting up of pilot plants/projects & training in negotiations and technology transfer agreements,
- Identification and assessment of technologies.