

3. ANALYSIS

3.2. Sectorwise

A close examination of the replies received from the responding units reveals that a majority of the units were engaged in the manufacture of five product groups. These included drugs & pharmaceuticals, capital goods, project exports, computer software and consultancy services, and herbal products. Sectorwise analysis of advantages enjoyed by the exporters in other countries and government support and assistance desired by the Indian exporters from the Government of India and other concerned agencies pertaining to these product groups is given below.

3.2.1 Drugs & Pharmaceuticals

(a) Advantages Enjoyed by the Exporters in Other Countries

The responding units of drugs and pharmaceutical products were mainly engaged in the manufacture of basic and bulk drugs, pharmaceuticals, and fine chemicals. They mentioned that exporters in their competing countries enjoy a variety of benefits which include low labour cost in processing the technology, higher production volume due to size of factories, free trade agreements, and the establishment of a large number of common economic zones.

It has been observed from the responding units that exporters in the other countries enjoy many benefits from their respective governments which *inter alia* include fast track clearance of shipments both for loading and unloading operations, with special reference to China and Thailand, preferential treatment through credit for purchase of patents. Besides, they are getting government support such as levy of low power tariffs for export purposes, discounts offered by foreign country carriers for shipping exported

items, and government support for conducting feasibility/market studies, participation in trade fairs, exhibitions, seminars, conferences, etc.

(b) Assistance Desired by Indian Companies from the Government of India

The responding units have desired that they need Government assistance to compete effectively with their overseas competitors. The support includes financial assistance for filing of patents, and setting up joint ventures and collaborations. The units have also desired that the Government should support them by providing technical assistance such as development of product technology, setting up of pilot projects and plants and assistance of qualified research personnel and consultants. Besides, they have also sought assistance for commercial information about foreign markets, e.g. complete status and knowledge about various WTO agreements viz. TBT, TRIMs, TRIPs, IPR laws, environmental issues and sourcing of technology for product/process technology development.

3.2.2 Capital Goods

(a) Advantages Enjoyed by the Exporters in the Competing Countries.

The responding units were engaged in the manufacture of a wide range of capital goods e.g. industrial machinery being used in a set of industries like sugar, cement, refinery & petrochemical plants, nuclear power corporations, navy & space, industrial boilers and gears, welding machines and systems.

As far as advantages enjoyed by the exporters in the competing countries (Germany, France, UK, USA, Japan, China, etc.) relating to the capital goods, the units revealed that they enjoy several benefits. These include the facility of common economic zones, low labour costs in processing the technology with special reference to China, better technology inputs in the

form of joint ventures/collaborations, licence transfer, R&D, advantage of quality from better technology by patent/royalty purchased, and higher production volumes due to size of factory. Besides, they also enjoy the better facility of exporting from third countries in finished/semi-finished condition.

The exporters in the competing countries are provided with a host of benefits by their respective governments and industry associations both for export promotion and also importing of special components/parts required for manufacturing high value products and capital equipments. These include financial assistance such as availability of cheap credit, subsidies, low power tariffs for export goods, and special storing and warehousing arrangements at ports and dry ports.

(b) Support Desired from the Government of India

For meeting stiff competition from their counterparts in the competing countries, the units voiced their concern for getting special assistance from the Government. The assistance can be extended in the form of cheap credit, discounted power tariffs, duty exemption for import of special parts and components, special discounts for displaying their products in foreign trade fairs, financial assistance for acquiring technology support such as training, joint ventures and collaborations and participation in trade fairs/exhibitions in India and abroad.

3.2.3. Project Exports

The responding units were mainly engaged in the commissioning of a variety of plants and projects in the overseas markets. These included tube mills, galvanising plants, engineering and commissioning of plants for alcohol, beer and fruit processing, water and waste water treatment plants, resins & chemicals, and consumer water purifiers, design, engineering,

manufacture, supply & installation of cement plant machinery & equipment on turnkey basis, and small and medium enterprises (SMEs) projects.

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

The exporters in the competing countries enjoyed many advantages through the liberal policy for setting up joint ventures abroad and economies of scale of production, larger size of the factories, low rate of interest, free trade agreements, and low labour costs in processing the technology.

(b) Benefits Enjoyed by the Exporters in the Competing Countries

Exporters in the competing countries are getting a substantial government support to promote their technology exports. The support is being provided through liberal fiscal policies like tax exemption, fast track clearance of the consignments at their ports, low power tariffs, promotional assistance for participation in trade fairs, special storing and warehousing arrangements at ports and dry docks, etc.

(c) Support Desired from the Government of India

In order to compete in the overseas markets, the exporters desired financial and technical assistance, and commercial intelligence services about the foreign markets, from the government.

3.2.4. Computer Software and Consultancy Services

The computer software and consultancy services units who had responded were mainly engaged in consultancy services, engineering services, technical services and computer software services. Specific sectors where consultancy was provided to the overseas clients included transport

infrastructure services in the railways, airports, highways, urban transport and information technology, software products and services, engineering services for power generation, transmission & distribution, roads & bridges, ports, harbours, offshore structures, IT parks, hotels, consultancy services in health care sector, and engineering services to chemicals, petrochemicals, oil & gas, ferrous and non-ferrous industries, infrastructure projects including highways & bridges, tourism, ports, civil aviation, water supply and sewage. rural and urban planning, traffic and transportation studies, architectural design, environmental and social Impact studies, and institutional strengthening.

Support Desired from the Government of India

It is very challenging to bag international consultancy contracts. This sector needs continued Government support to effectively compete in the international markets. To give a boost to the export of consultancy services in a big way, Indian missions/embassies abroad may be involved appropriately.

3.2.5 Herbal Products

The responding units were also engaged in the manufacture of standardised herbal extracts, human health supplements, dietary supplements, herbal animal health products, phytochemical reference standards and consultancy services in the area of herbal products. The main competing countries were reported to be China, Indonesia and Brazil.

India is reported to be one of the mega bio reserves in the world and has a vast potential of becoming a leading exporter of herbal products (medicines, health foods, cosmetics, etc). However, it has been pointed out by the responding units that they are facing many bottlenecks in the export of herbal products. One of the hurdle is the illegal monopolisation of several

herbal extracts by big companies. Further, several MNCs and foreign companies have filed hundreds of patents on Indian medicinal plants. Absence of proper documentation of traditional knowledge on Indian system and poor efforts towards patenting them by Indian companies has led to exploitation of Indian bio reserves by these non-Indian companies. Concerted efforts are required to give assistance in (a) Filing patents for their herbal products abroad, and (b) Compiling of proper documentation of traditional knowledge on Indian system.