

## EXECUTIVE SUMMARY

1. The Centre for International Trade in Technology (CITT) in the Indian Institute of Foreign Trade undertook a study on *“Policies And Incentives for Accelerating Technology Intensive Exports: Exporters’ Perspective”* with the main objective to gather information from the Indian exporters about the policies and incentives available to the competitors in their respective countries, and policies and statutory requirements in importing countries. This information would help our policy makers and others concerned with exports to devise conducive policies to encourage and enhance export of know-how and technology intensive products, projects and services.
2. Towards achieving this end, the Centre prepared a simple Questionnaire and mailed to about 200 companies mainly those which were included in *“Compendium on Technology Exports: A Compilation of Selected Exported/Exportable Technologies from India”*, 2002.
3. The Centre received replies from 54 companies. The Report is mainly based on qualitative information provided by these units.
4. The Report provides information on the policies and incentives for technology intensive exports in selected countries by making a detailed analysis, both general and sectorwise, of the replies received.
5. The Report contains an Analytical Statement on the information provided by 54 units in a tabular form. Total turnover of these units in 2000-01 was of the order of Rs. 1,24,236.41 million and the exports were valued at Rs. 48,580.55 million. The information includes brief profiles of these companies highlighting therein their areas of operation, export destinations, competing countries and their knowledge and exposure about the policies of other countries in respect of benefits provided by the competing countries to their

exporters and assistance desired by the Indian exporters from the Government for meeting their financial technical and information requirements.

6. The general analysis is focused on the policies of the importing countries highlighting therein Government's policies devised for customs clearance, environment clearance, advantages and benefits enjoyed by their domestic producers and the Government support extended to them through a set of policy measures, etc. Our exporters do not seem to have adequate database/information in quantitative terms, about the rules and statutory requirements in the importing countries or benefits available to their competitors in their respective countries.
7. Sectorwise analysis covers policies of the importing countries in respect of five product groups comprising Drugs & Pharmaceuticals, Capital Goods, Project Exports, Computer Software and Consultancy Services, and Herbal Products.
8. The analysis reveals the following:

**a. Benefits Provided by Foreign Governments to their Exporters**

Maximum number of exporters have intimated that their competitors enjoy the facility of fast track clearance in ports, followed by exemption of duties on raw materials required to manufacture goods for exports and that their governments assist them by providing support in conducting feasibility/market studies as well as in participating in trade fairs/exhibitions/seminars/conferences etc. and also in follow-up of the bids. Other benefits enjoyed comprise low power tariffs for export goods manufacturing companies, discounts offered by country carriers, special storing and warehousing arrangements at ports and dry docks, assistance towards expenses of inspection by clients' inspectors before dispatch of goods and

discounts offered by insurance companies as well as exemption from paying transport taxes.

**b. Financial Assistance Desired by Indian Exporters from Indian Government/Associations for Enhancing Exports**

The areas in which financial assistance is desired are as follows in order of priority:

- (i) Participation in trade fairs/exhibitions in India/abroad and in conducting market surveys and feasibility studies;
- (ii) Exemption of import duty on raw materials;
- (iii) Special discounts/benefits for displaying their products in trade fairs;
- (iv) Tax benefits and discounted power tariffs;
- (v) Duty exemption on import of special parts and/or components.

**c. Technical Assistance Desired by Indian Exporters**

Maximum number of exporters desired technical assistance in further development of their product technology followed by assistance in forming joint ventures, identification and assessment of technologies and further development of their process technologies. Technical assistance has also been desired in setting up of pilot plants/projects as well as training in negotiations and technology transfer agreements and in obtaining patents.

**d. Information Assistance about Foreign Market**

Most of the exporters want assistance in identification of the foreign competitors, original equipment manufacturers, policy makers, industry associations, taxes and duty structures and sourcing of technology. Some of

them also desired assistance in finding out environmental issues, bank and financial systems and in knowing TBT, TRIMS, TRIPS and IPR laws.

9. The benefits enjoyed by the competitors of Indian exporters and assistance desired by them to enhance their exports, based upon the replies received from the exporters include the following:

**A. Benefits Provided by Various Foreign Governments to their Exporters:**

Exemption of duties on raw material; Lower power tariffs; Exemption from paying transport taxes; Fast track clearance; Special storing and warehousing arrangements at ports and dry docks; Discounts offered by country carriers; Discounts offered by insurance companies for shipping; Assistance for the expenses incurred on inspection by client inspectors prior to dispatch; Promotional assistance support for feasibility/market studies participation in trade fairs/exhibitions/seminars/conferences, follow up of bid offers etc.

**B. Areas in which Financial Assistance Desired by Indian Exporters:**

Tax benefits & discounted power tariffs; Duty exemption on imported raw materials; Exemption of duty on import of special parts & components; Special discounts/benefits for displaying in foreign trade fairs; Participation in trade fairs/exhibitions in India/abroad & conducting of market surveys & studies abroad.

**C. Areas in which Technical Assistance is Required by Indian Exporters:**

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.

**D. Areas in which Information Assistance about Importing Countries is Required by Indian Exporters:**

Competitors original equipment manufacturers; sourcing of technology, visits by foreign delegations and foreign buyers/consultants; TBT, TRIMS, TRIPS, IPR Laws; Banks & financial systems; Taxes & duty structure;

Cultural preferences/practices; Environmental issues; Govt. policy makers/industry associations/chambers of commerce.

10. Apart from simplified procedures and financial incentives of various kinds, Indian exporters now seem to be increasingly concerned for getting support to enhance their technical and technological capabilities for export production. Also, the information related to markets, competitors', capabilities, technologies, new laws, environmental issues, etc, is increasingly desired now.

11. 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.

12. The Study makes some suggestions which, *inter alia*, include: (i) Extension of wholehearted support, involving our missions abroad, to the units engaged in exports of technologies and technology intensive products, (ii) Initiating more liberal initiatives by the Government such as availability of credit at the concessional rate of interest and tax incentives to boost exports of technologies, computer software, and high value technical consultancy services at par with other countries like China and Taiwan; support for feasibility studies etc., (iii) Tapping enormous export potential of technologies in the regions of South East Asia, Middle East and African countries in sectors such as herbal products, drugs and pharmaceuticals, and manufacturing of handmade paper; etc.