

Research

1. Initialization of Import of Coal by the Coal India Ltd.

The Study was entrusted by Coal India Ltd. to enable them to understand the process flow and the issues in import of coal. The project aimed at preparing the draft NIT (notice inviting tender) document for import of coal, selection of inspection agencies, stevedores and cargo handling agents. Four deliverables were submitted. These included the process flow and country analysis (Indonesia and South Africa) for sourcing coal; draft tender document for import of coal, selection of inspection agencies, stevedores and cargo handling agents. The major findings included identification of primary stakeholders and agencies and their roles in the process. Apart from concluding on terms and conditions of the tenders, the project identified the right INCOTERM, mode of payment, and method of evaluating tenders. It suggested the advantages and disadvantages of two plausible sources of coal, namely Indonesia and South Africa. The role and *modus-operandi* of Transchart, the government mandate was suggested along with the best practices in chartering of vessels.

2. Analysis of Export Performance of Handicrafts by Vietnam

The Study was conducted for the Office of the DC (Handicrafts). One of the findings of the report was that Vietnam and China had been rapidly increasing their market share in handicrafts across the world during the last one decade. The DC (H) further entrusted IIFT with a research project to find out the reasons for success of Vietnam in promoting its handicraft exports. The team carried out detailed surveys across major handicraft manufacturing areas of Vietnam as well as major trading centers. Artisans, domestic traders and exporters have

been surveyed. Major findings of the study are:

- Vietnamese handicraft sector boasts of a huge domestic market (about 50% of the production are sold in the domestic market). As opposed to this, Indian handicraft sector depends predominantly on foreign markets.
- Most artisans in Vietnam have adopted craft-making as their sole profession, as it is quite remunerative. Indian artisans, on the other hand, usually take up craft-making activities mainly when other economic activities are not feasible. Vietnamese artisans maintain and develop their skill on a continuous basis, while Indian artisans fail not only to develop the skill but the existing skills are also disappearing as newer generations are not joining their parental profession.
- Consequently, Vietnam has considerably improved the skill-content of its handicraft products, whereas the same has deteriorated significantly for Indian handicrafts. India has moved towards lower-value items, and Vietnam has moved towards higher-value items in exports. Previous surveys (conducted in 2009 and 2010) revealed that exports of a number of high-value handicraft items like Bidriware, gold and silver filigree works, etc. by India have all but stopped. There is rarely any export of high-value handicraft item by India except carpets.
- A mix of historical-cultural factors and government intervention has led to a very high degree of clusterization of handicraft production in Vietnam which, in turn, has led to several benefits including lower involvement of intermediaries, higher efficiency of every government intervention measures, and so on. This has also led to the development of an extremely important linkage – tourism and craft villages.

The report has made several recommendations aimed at developing domestic market for handicrafts in India, to promote clusterization of craft production, and to enhance design and aesthetic aspects of handicraft products.

3. Bilateral Investment Flows & Potential Opportunities in Select South Asian Countries

The study has the objective to provide information to International Finance Corporation (IFC), World Bank in facilitating formal trade and investment in the South Asian region, particularly its north-eastern sub region. Initiatives undertaken by IFC in South Asia aim at enhancing access to finance in partnership with local banks, improving the business enabling environment and encouraging the growth of SMEs. In the current context, to accentuate the FDI in the region the study aimed to evaluate the current FDI situation in Bangladesh, Bhutan, India, Nepal and Sri Lanka collecting baseline data of FDI especially bilateral investment flows among these countries and assess further cross border investment opportunities. Through this study data have been collected from the national sources in these countries. Several policy oriented matters were also discussed with concerned government officers. Current business and FDI related issues such as supply chain integration, cultural issues, trade and investment interface, etc were also highlighted through discussion with the private sector.

4. Study on Agricultural Outsourcing (AO)

The Study was conducted for Department of Agriculture & Cooperation, Horticulture Division, Ministry of Agriculture. The Study aims to examine all relevant aspects, including the strategic dimension, to enable the Ministry of Agriculture to design an appropriate policy framework. The following Terms of Reference

(TOR) were designed to assess the Study:

- Examine the likely demand-supply gap in India over the next 10 years in important food crops, taking into account various scenarios.
- Assess the situation of international trade in the identified crops with the objective of considering whether India's requirements can be met in a secure and stable manner through imports.
- Prepare an overview of availability of surplus agricultural lands on offer in various parts of the world, especially in Central Asia, Africa and Latin America and their suitability for addressing India's needs.
- Examine if countries in Africa with surplus arable lands but which themselves are facing food shortages, which require a different approach. What should be the objectives of possible Indian interventions in such countries?
- List the potential countries for AO initiatives based on various criteria like economic feasibility, political sensitivity, investment friendliness, social compatibility, etc.
- Explain the role the Government should play in facilitating AO. In this connection, also examine the need for, and the nature of, inter-governmental arrangements to anchor such initiatives.
- Chalk out the possible initiatives to be taken by Government to encourage responsible and capable Indian business entities to invest in AO.
- Examine the legal, commercial and trade policy issues involved in possible arrangements for exporting the products of AO into India.
- Find out possible Health and Safety issues associated with AO, including Seed Laws, GM Crops, etc.
- In the light of the above, make recommendations regarding the role the Ministry of Agriculture will need to play once the policy framework for AO is in place. This will include administrative arrangements to be put in place in India and abroad.

5. Study on Open House Sessions with Industry Associations for Facilitating India-Israel FTA Negotiations

IIFT on behalf of Department of Commerce, Government of India had conducted a study titled "Comprehensive Economic Cooperation between India and Israel" in 2010. This study in the backdrop of entering into a Free Trade Agreement (FTA) with Israel aimed to develop negotiating stands for India in goods sector identifying India's defensive and offensive positions. The study had also attempted to identify relevant non-tariff barriers (NTBs) in operation in Israel on various goods sector. Several rounds of negotiations occurred between India-Israel alternatively in India and Israel. The major thrust of these discussions has been to identify how both the countries could move forward with their negotiations in goods sector. It was felt there was a strong need for exchanging exclusion list of India's goods sector as well as staggered reduction of tariffs. To that regard, the Department of Commerce had taken a major initiative by organizing Industry Stakeholder Consultation in different major cities, namely Delhi, Bengaluru and Mumbai. The purpose was to build awareness for Indian trade and industry about the potential export prospects for goods, knowledge sharing, industry requirements and the threats that they perceived from opening up to Israel's competition. Three consultations were held at New Delhi, Bengaluru and Mumbai respectively on 8 & 11 November, and 5 December 2011. The industry

participation in all three major cities was responsive and encouraging. The discussions emanating out of these consultations essentially focused on the need for encouraging technical tie-ups with Israel and encouraging service imports from Israel. To a large degree, there was no threat perception from Israel with reference to goods sector.

6. Compendium on Import Policy of India for ASEAN, Korea and Singapore Region

World trade has expanded rapidly over the past decades. This has been driven, in large part, by the changing nature of both production and increased competition in international commerce. Another important factor contributing to the growth in trade has been the periodic rounds of successful multilateral trade negotiations which have led to a considerable reduction in tariffs on goods crossing national borders. Today, as the role of traditional trade barriers gradually vanishes, the focus of trade policy has shifted to non-tariff barriers including trade facilitation. India has entered into trading agreements with various countries of the world with the objective of boosting its external trade. Particularly, notable is the number of trade agreements that India has concluded and is in the process of negotiating with the other Asian countries. Trade facilitation is one of the main features of all these agreements. Given the growing exports from the other Asian countries to India and the rising emphasis on trade facilitation across the globe, Indian Institute of Foreign Trade has prepared "The Compendium



Industry Stakeholders Consultation on India-Israel FTA Negotiations on 8 November 2011 at IIFT-Delhi.

on Import Policy for ASEAN, Korea and Singapore” with the objective to help facilitate India’s trade, particularly its imports from the countries of Korea, Singapore and ASEAN region. This compendium is in the form of a web portal that provides detailed information on current & updated import policies corresponding to the various products imported into India. This portal provides one-stop knowledge base for the exporters particularly, in the countries of Korea, Singapore & ASEAN region who export different products to India. The portal gives user-friendly access to all the information related to import of specific products into India in the digital format. These include information on basic customs duty (MFN), preferential tariff for the goods at eight-digit level classification for Korea, Singapore & ASEAN countries, Rules of Origin requirement as per AIFTA, information on Singapore CECA preferential duty and CECA Rules of Origin, and the Rules of Origin requirement for Korea.

7. Impact of External Capital Flows on MFI Performance

Microfinance has shown a lot of promise in delivering the much needed products specifically designed for the poor. In many countries Microfinance has reached a state where commercialization of operations seems to be the way forward. This phenomenon has given rise to a debate between outreach and efficiency of Microfinance Institutions (MFIs). It is alleged by many studies that commercialization is causing a ‘mission drift’ in the sense that MFIs are increasingly sacrificing their goal of outreach in favour of efficiency. The study estimated the effect of external capital flows on MFI performance. MFI performance includes both outreach and efficiency variables. It also includes other variables like domestic sources of finance, financial development indicators related to the countries where the MFIs are located and lending methodology used by the MFIs as the other indicators of MFI performance. This cross-country study was complemented by a case study on MFIs in India. A survey of MFIs was carried out to understand their financing decisions. Choice of capital structure by MFIs in India was

then linked to the determinants of capital structure like assets, growth, profitability, objectives of MFIs, regulatory environment, etc. The study sought to find the effect of external capital flows and other sources of finances on MFI performance as well as through some light on choice of capital structure at the MFI-level.

8. Setting Up a Coastal Waterway Connecting North Kerala to South Kerala

The National Innovation Council had constituted a Committee to follow up on the proposal to connect North Kerala to South Kerala through coastal waterway. The members of the Committee were as follows:

- (i) Shri K.T. Chacko, former Director (IIFT) {Chairperson}
- (ii) Shri S. Hajara, Chairman, Shipping Corporation of India
- (iii) Shri S.D. Kaushik, Nominee of the Ministry of Shipping, GOI
- (iv) Dr. Jacob Thomas, Director, Ports, Kerala
- (v) Smt B.G. Sreedevi, Director, NATPAC
- (vi) Dr. Sunitha Raju, Professor, IIFT {Member Secretary}
- (vii) Shri Samuel Thomas, IIFT

The committee took cognizance of the Government of Kerala’s sponsored study on “Preparation of Strategy Road Map-Cum-Action Plan for Development of Coastal Shipping in Kerala”. The Terms of Reference of the study were as follows:

- Detail the global experience and develop India’s national agenda towards Coastal Shipping.
- Economic analysis of Coastal Shipping underlining the environmental and other benefits.
- Infrastructure requirement for developing coastal shipping in the Indian context with specific reference to Kerala.
- Examine the coastal shipping policy and highlight the necessary legal and regulatory framework.