

Research at IIFT

THE following Research Projects were undertaken by IIFT during 2013-14:

1. Study on the Destination Specific Elasticity of Demand for Top 10 Commodity Groups Exported to Top 10 Countries having Trade Surplus and Trade Deficit

The study was entrusted by the Department of Commerce, Ministry of Commerce & Industry. The aim of the study was to derive the destination specific factor elasticities (demand and income) for top 10 export commodity groups of India to draw out country and commodity specific policy implications for export promotion. The time-frame for data analysis was last twenty-one years, i.e., 1990-91 to 2011-12. With this objective, the specific Terms of Reference (ToR) for the study are:

- (i) Develop a methodology for identifying the Top 10 Commodity Groups exported from India.
- (ii) Develop a methodology for identifying the Major Export Destinations for the identified top 10 commodity groups.
- (iii) Specify and estimate destination specific export demand function separately for each of the identified commodity groups and derive factor elasticities.
- (iv) Draw out possible scenarios of macro-economic changes for each country separately and carry out simulation exercises based on the estimated factor elasticities.
- (v) Develop commodity specific export promotion measures for each of the identified countries separately.

2. Ensuring India's Energy Security: Preparation of a Matrix of Energy and Fertilizer Products and Identifying Export Opportunities to Finance the Imports

The study was entrusted by Ministry of External Affairs, Government of India. With the rising demand-supply gap in energy products, energy

security has emerged as an important policy goal for India. The Planning Commission projections for 2021-22 estimate demand-supply gap at 133 million tonnes of Oil Equivalent in 2006-07 which is expected to increase to 375.6 million tonnes of Oil Equivalent by 2021-22. As such, the share of net imports of energy products in total demand is expected to increase to 30.79 per cent by 2021-22 from a share of 24.02 per cent in 2006-07. During 2007 and 2011, the share of Crude Oil, Natural Gas and Coal together increased from 27.7 to 30.9 per cent in 2011. When the imports of fertilizers are included, the share in total imports increases from 29.5 to 32.8 per cent in 2011. Given this high import dependence for energy products, the focus of this study is to examine the issue of sustainable trade wherein the possibilities of increasing exports to finance the rising imports of energy and fertilizer products is outlined. Specifically, the focus of the study is as follows:

- To assess the scope for diversifying import markets for each energy product and fertilizer.
- How to balance increased imports with higher exports in major markets for each of the energy product.
- To identify and list destination specific exports for all major markets for imports of energy products and fertilizer.
- Develop a broad approach for promoting exports in thrust markets.

3. Project Survey Report on Indian Accountancy Sector – Potential to become Global Hub

The study was entrusted by Price Waterhouse Chartered Accountants. The accounting and allied outsourcing services sector provides employment to 200,000 people in India, and contributes towards exports, hence foreign exchange earnings. Over the past decade, though the sector has registered a double-digit growth rate, the past fiscal year has

however been extremely challenging. Despite this, most respondents of this survey are optimistic about the growth prospects of this sector, and are expecting a growth rate of 15 per cent in the coming years.

The last few years have witnessed the emergence of various competing destinations to India. Philippines is considered by 79 per cent of industry respondents as the major competitor, with robust infrastructure and a skilled English-speaking population, and a close cultural ethos to the US. China has the potential to pose a major challenge with its desire to excel in the avenue of services, after its roaring success in the manufacturing outsourcing space. The Latin American countries along with the Eastern European nations enjoy the advantage of their proximity to the US and the Western European markets, respectively. These countries have robust infrastructure in place as well as multi-lingual abilities. Countries such as Indonesia, Malaysia, and Singapore are also emerging as competitors to India in the accounting outsourcing industry.

According to 75 per cent of industry respondents, the supply of human resources to the accounting and allied outsourcing services sector with essential qualifications are currently available, however, employable resources to the up value chain is often a challenge. While the general perception is that Indian accountants are at par, and even above international standards, 81 per cent of industry respondents felt the clear need to improve the soft skills of Indian accountants. Colleges and educational institutions do recognize the lack of soft skill sets, knowledge of international accounting standards (e.g. the IFRS), as well as practical exposure. The industry needs to partner with educational institutions in order to bridge this gap. Indian companies may offer courses specializing in accounting and allied outsourcing services in colleges, and students taking up this course can be given a preference at the time of campus recruitment.

While technology, lower costs and innovation are the clear winners for India, challenges in the

shape of talent, new pricing models, domain knowledge, infrastructure, regulations and security of data remain. Also, there is a tendency among vendors to move towards Tier-II and Tier-III cities, for cost reduction.

4. India's Trade Portal

India has entered into trading agreements with various countries of the world with the objective of boosting its external trade. Foreign Trade Policy of India has always focused on substantially increasing the country's share of global merchandise trade. Accordingly, the Government of India has been taking various steps towards boosting its trade with the rest of the world by adopting policies and procedures which would help to increase and facilitate both exports and imports with other countries of the world. Increase in exports is of vital importance for a growing economy like India, but at the same time it is also important to facilitate those imports which are required to stimulate the economy. Thus, to facilitate and thereby increase exports to and imports from the rest of the world, a web based Trade Portal has been developed under the initiative of the Department of Commerce, Government of India.

IIFT has set up India Trade Portal containing India's Export Policy & Import Policy of SAARC, ASEAN, Korea, Singapore and Top 25 Countries. The portal was launched on 1 February 2013 by the then Commerce Secretary Shri. S.R. Rao and is available at <http://trade.iift.ac.in/>. Trade Portal provides information on Tariff, Preferential Tariff, Rules of Origin and SPS-TBT measures of partner countries.

Salient Features of India Trade Portal:

- Classification of goods at country-specific disaggregated HS levels 6, 8, 9, 10, etc.
- Updated tariff data for India, ASEAN and India's Top 25 export destinations.
- SPS-TBT requirements for India and Top 25 export destinations.
- Search Criteria based on HS Codes and / or Product Names.

IIFT presented India's Trade Portal at various FTA's Outreach Programme organized by CII & FICCI for Ministry of Commerce, Government of India.

5. Advisory Services to Kolkata Port Trust

Kolkata Port Trust intended to develop a Container Terminal at Diamond Harbour under its jurisdiction under PPP (Public-Private-Partnership) model. IIFT provided Advisory Services to Kolkata Port Trust on selection of Transaction Advisor for proposed Diamond Harbour Container Terminal Project that included formulation of Tender Document for selection of Transaction Advisor for proposed Diamond Harbour Container Terminal Project, its technical and commercial evaluation leading to placement of work order to a leading global firm by Kolkata Port Trust.

6. Project Management Consultancy for 4, 5 & 8 Netaji Subhash Dock of Kolkata Port Trust

Kolkata Port Trust intended to mechanize its container operation at Netaji Subhas Dock of Kolkata Dock System under Kolkata Port Trust. This

included capital investments, operations and terminal management by external agency having expertise in this field. IIFT provided projections of container traffic for Kolkata Dock System under Kolkata Port Trust under different scenario (optimistic, most likely and pessimistic), computed the minimum acceptable quote from bidders under different scenarios, developed the tender document, clarified the bidders' queries in the pre-bid meeting, evaluated the technical, commercial and price bids leading to placement of work order to unit PSA Singapore for investment and operation of container operations at Netaji Subhas Dock of Kolkata Dock System under Kolkata Port Trust.

PH.D. PROGRAMME

The Ph.D. 2013 Programme commenced on 12 July 2013. Fifteen candidates have been enrolled for the programme on the basis of written exam and viva-cum-interview.

Two students were awarded Ph.D. Degree at the 48th Annual Convocation held on 17 April 2014.



Shri M. Hamid Ansari, Hon'ble Vice President of India awarding PhD Degree to the successful participant, 17 April 2014.