Govt. clears three export infra plans

With deficient infrastructure severely hurting the competitiveness of India's exports, the Centre – for the first time under a new scheme launched in March to address the problem — has given its approval for three proposals including one to establish an Integrated Cargo Terminal (ICT) at the Imphal International Airport.

The other applications that received the green signal from an (Inter-Ministerial) Empowered Committee (EC) chaired by Commerce Secretary Rita Teaotia were: modernisation of infrastructure facility in Karnataka for marine exports – where the total cost is 13.34 crore; and construction of a new 'Standard Design Factory' building at Cochin Special Economic Zone (SEZ) for which a total of 61.63 crore will have to be spent, official sources told *The Hindu*.

The EC on 'Trade Infrastructure for Export Scheme (TIES)' — in its first ever meeting that was held on June 9 — deferred on technical grounds an application to set up "the first dedicated facility" in India to test medical devices.

This is proposed to be established at the Andhra Pradesh Med Tech Zone in Visakhapatnam – with four separate facilities at a total cost of about 169 crore.

The Indian medical device market was worth about $4 billion in 2015 and exports of these items from India were close to $1 billion (in 2016).

The EC has, however, granted an in-principle nod for a proposal to establish a 'Coastal Cashew Research and Development Foundation' in Karnataka, for which the total cost estimated is 10 crore.

The cost of building the ICT at Imphal is 16.2 crore, of which the share of TIES is 12.96 crore and that of the Airport Authority of India (AAI) is 3.24 crore. The AAI is learnt to have informed the EC that there was no cargo facility at the Imphal airport, and that the proposed ICT "would act as a hub for air cargo movement and air connectivity to South-East Asian countries."

'600 crore allocation'

The TIES, which is being implemented from FY18 till FY20, has a budgetary allocation of 600 crore. The scheme's annual outlay is 200 crore.

According to a March 2016 report on 'Export Infrastructure in India' by the Department Related Parliamentary Standing Committee on Commerce, "deficient infrastructure and the manner in which infrastructure is being operated (in India) are the major obstacles to ensure competitiveness in manufacturing of goods and exports thereof."

The report said Indian exports lose competitiveness on account of huge logistics costs. It noted that "the logistic cost in India is about 14% of the GDP whereas in advanced economies like the U.S. and the European Union, it is 8% and 10% of the GDP respectively."

The Standing Committee further said, "Owing to sub-optimal logistic capability, certain sectors dependent on logistics lose as much as 2% on sales return. An ASSOCHAM study conducted a few years ago shows that India runs against a disadvantage of about 11% of its trade due to deficient infrastructure."

According to an ASSOCHAM-Resurgent India joint study, "India can save up to $50 billion if

logistics costs are brought down from 14% to 9% of country's GDP thereby making domestic goods more competitive in global markets." As per the Commerce Ministry, the objective of the TIES is to "enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure and first-mile and last-mile connectivity."

Such expenditure needs expeditious resolution of stressed loan problem: Crisil

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