



REPORT ON

'WTO & INDIA'S GLOBAL TRADE' - MOCK SESSION

ORGANIZED BY:

C K SHAH VIJAPURWALA INSTITUTE OF MANAGEMENT,
VADODARA (GUJARAT), INDIA

DATE: 12TH APRIL 2016

VENUE :

CKSVIM CAMPUS, VADODARA

Director & Faculty: Dr. Rajesh Khajuria

Co-ordinated by: Ms. Ranjita Banerjee

Faculty: Mr. Ashok Shelat

Inspired by: Dr. Akshai Aggarwal
Hon. Vice Chancellor, Gujarat Technological University, India



Prelude

A mock-session was organized on **'WTO & India's Global Trade'** by **SMJV's C K Shah Vijapurwala Institute of Management** on **12th April 2016 (Tuesday)** from **10 a.m to 12 p.m** at CKSVIM College Campus. The Mock-session was attended by students and faculty members of the B-School.

The **objective** to conduct the mock-session and presentations on allied topics related to **World Trade Organization (WTO)** and on India's global trade, was to create an awareness of the various facets related to impact of World Trade Organization in India's trade, commerce and industry as well as to enhance the know-how of India's global trade and initiatives undertaken by India.

Two extensive presentations were prepared and presented by the students of **MBA Sem-IV**, as an extended study through mock-session, as a part of the curriculum of the Elective subject of Sem-IV namely **' WTO Multilateral Trading System and its Impact on Business'**.

The presentations, followed by interactive discussions, were on the following topics:

1. **World Trade Organization- Case and discussion'** prepared by **Nikita Gandhi & Vimal Nasit** and Presented by **Pranit Shah (MBA Sem-IV students)**
2. **'Make in India and skilling India and its impact on India's global business'**, prepared and presented by **Geeta Suhandha and Jigisha Mugdal (MBA Sem-IV students)**

The detailed overview of the topics are discussed in the following sections.

SECTION I

'World Trade Organization- Case and discussion' prepared by **Nikita Gandhi & Vimal Nasit** and Presented by **Pranit Shah**

The WTO System

World Trade Organization is a multilateral trading system. The multilateral trading system can be broadly defined as the body of international rules by which countries are required to follow in their trade relations with one another. The basic aim of these rules is to encourage countries to liberalize trade policies. These rules are continuously evolving; hence new rules are being added to deal with problems and issues that are being encountered from time to time.

Sanitary and Phytosanitary regulations

Countries often require imported products to conform to the mandatory standards they have adopted. This is important due to the following aspects:

- For the protection of the health and safety of their people
- For the preservation of their environment.
- Technical Barriers to Trade (TBT) provides that such standards should not be so applied by countries as to cause unnecessary barriers to international trade.
- They should be based on scientific information and evidence.

Case-let: India loses poultry import case to US in WTO

(Experts of the case by Navanima Basu, June 5, 2015, Business Standard, New Delhi)

Case Summary

India had blocked the import of American poultry products fearing the spread of bird flu in the country in 2007. India had informed the dispute settlement body the primary reason for restricting the entry of various agricultural products from the US was because it was concerned about the spread of the Avian influenza. This was done by the Ministry of Commerce and Industry at the behest of the animal husbandry department. The measures were taken under the Indian Livestock Importation Act, 1898.

Defended by US

On March, 2012 US sued against India in WTO that India had blocked the imports of poultry products from US. US raised objection that India's import prohibition did not meet international standards and was not based on a scientific evidence. This case was under negotiation process since 2012 in WTO. European Union, Australia, China, Japan, Colombia, Ecuador, Guatemala, Vietnam, Argentina and Brazil subsequently joined as third parties in the dispute. Third party countries also supported the US and raised objection against India's unnecessary import restriction on poultry products of US.

Conclusion from the negotiation process

In its ruling, the appellate body said India violated international trading norms by not allowing import of poultry products from the US.

The **WTO** had also stated India's import prohibition did not meet international standards and was not based on a scientific risk assessment. Therefore, the dispute settlement body concluded, India violated WTO's agreement on sanitary and phytosanitary measures. India had lost poultry import case to US in WTO.

WTOs suggestions to India

- India should need to remove the restrictions at the earliest according to the WTO ruling. Failure to do so could lead to trade sanctions by US.
- India is exporting many products to US and there are chances that US may put restrictions on import from India.
- In this global competitive market, India should maintain good trade relations with other countries.
- Remove unnecessary trade barriers
- Restrictions on import should be based on scientific evidence.

The case brings many discussions on the round related to aspects of how such delicate situations can and should be handled in an emerging economy like India...which is a big market for the developed countries.

SECTION II

'Make in India and skilling India and its impact on India's global business', compiled and presented by **Geeta Suhandra and Jigisha Mugdal**

An Overview

The Make in India program was launched by Hon. Prime Minister Shri. Narendra Modi in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation: by 2013, the much-hyped emerging markets bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called 'Fragile Five'. Global investors debated whether the world's largest democracy was a risk or an opportunity. India's 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure. This initiative has its origin in the Prime Minister's Independence Day speech where he gave a clarion call to 'Make in India' and 'Zero Defect; Zero Effect' policy.

The 'Make in India' Process

Make in India was launched by Prime Minister Modi against the backdrop of this crisis, and quickly became a rallying cry for India's innumerable stakeholders and partners. It was a powerful, galvanising call to action to India's citizens and business leaders, and an invitation to potential partners and investors around the world. But, Make in India is much more than an inspiring slogan. It represents a comprehensive and unprecedented overhaul of out-dated processes and policies. Most importantly, it represents a complete change of the Government's mind-set to shift from issuing authority to business partner, in keeping with Prime Minister Modi's tenet of 'Minimum Government, Maximum Governance'.

The Plan

To start a movement, you need a strategy that inspires, empowers and enables in equal measure. Make in India needed a different kind of campaign: instead of the typical statistics-laden newspaper advertisements, this exercise required messaging that was informative, well-packaged and most importantly, credible. It had to (a) inspire confidence in India's capabilities amongst potential partners abroad, the Indian business community and citizens at large; (b) provide a framework for a vast amount of technical information on 25 industry sectors; and (c) reach out to a vast local and global audience via social media and constantly keep them updated about opportunities, reforms, etc.

The Department of Industrial Policy & Promotion (DIPP) worked with a group of highly specialised agencies to build brand new infrastructure, including a dedicated help desk and a mobile-first website that packed a wide array of information into a simple, sleek menu. Designed primarily for mobile screens, the site's architecture ensured that exhaustive levels of detail are neatly tucked away so as not to overwhelm the user. 25 sector brochures were also developed: Contents included key facts and figures, policies and initiatives and sector-specific contact details, all of which was made available in print and on site.

Make In India: Aim

- To convert India into a global manufacturing hub, to help create jobs and boost economic growth.
- To urge both local and foreign companies to invest in India.

Make in India focuses on the following 25 sectors of the economy

Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence manufacturing, Electrical Machinery, Electronic systems, Food Processing, Information Technology and Business process management, Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways, Renewable Energy, Roads and Highways, Space and astronomy, Textiles and Garments, Thermal Power, Tourism and Hospitality, Wellness

Five activities under make in India programme

1. Guide Foreign Investors

Invest India will act as the first reference point for guiding foreign investors on all aspects of regulatory and policy issues and to assist them in obtaining regulatory clearances.

2. Assistance to Foreign Investors

Investor facilitation cell will provide assistance to the foreign investors from the time of their arrival in the country to the time of their departure, with focus on green and advanced manufacturing and helping these companies to become an important part of the global value chain.

3. Prompt Response: Prospective investors can post questions on the Make in India portal and they will be answered by a panel of experts within 72 hours.

4. Provide Relevant Information

Visitors registered on the website or raising queries will be followed up with relevant information and newsletter.

5. Proactive Approaches

A pro-active approach will be deployed to track visitors for their geographical location, interest and real-time user behaviour.

What government wants to do?

- Sustainability - Short, Medium & Long Term
- Principle of Co-Existence with Nature
- Innovations and Creativity
- Dignity of Labour & Equality
- Self-Reliance, Sovereignty & Leadership

- Export Surplus Nation AJSH & Co. Chartered Accountants Mercurius Advisory Services

Challenges in the 'Make in India' initiative

- **Existing stringent procedural and regulatory clearances:** A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.
- **High Tax Rates :** To make the country a manufacturing hub the unfavourable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.
- **Need to focus on MSME Sector:** MSME can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors. Special sops and privileges should be given.
- **Competition from China:** Make in India is being constantly compared with Made in China campaign. India should constantly keep up its strength so as to pace china's supremacy in the manufacturing sector.
- **To increase Imports and R & D:** High-tech imports, research and development (R&D) to upgrade 'make in India' should be encouraged. Should be better prepared and motivated to do world class R&D with Govt.'s support. AJSH & Co. Chartered Accountants Mercurius Advisory Services

Central government initiatives for the 'Make in India' initiative

- Registration of Labour Identification Number (LIN)
- Submission of returns
- Grievance redressal
- Combined returns under 8 labour laws
- Online portals for Employees State Insurance Corporation (ESIC) and Employees Provident Fund Organization (EPFO) for:
 - Real-time registration
 - Payments through 56 accredited banks
- Online application process for environmental and forest clearances
- 14 government services delivered via e Biz, a single-window online portal
- Investor Facilitation Cell established
- Dedicated Japan+ Cell established
- Consent to Establish/NOC no longer required for new electricity connections
- Documents reduced from 7 to 3 for exports and imports
- Option to obtain company name and DIN at the time of incorporation
- Simplified forms for:
 - Industrial Licence
 - Industrial Entrepreneurs Memorandum
- Many defence sector dual-use products no longer require licences
- Validity of security clearance from Ministry of Home Affairs extended to 3 years
- Extended validity for implementing industrial licences

- No distinction between partial and full commencement of production for all products
Colour-coded maps for locations requiring NOC from the Airports Authority of India hosted online

State government initiatives

- Online consent system for Pollution Control Board (Gujarat)
- GIS-based land identification system (Gujarat)
- Online consent system for environmental clearances (Chhattisgarh)
- Extended validity of consent under environmental provisions (Chhattisgarh)
- Unified process with single ID for VAT and Professional Tax registration (Maharashtra)
- Number of procedures and time for getting an electricity connection reduced (Maharashtra)
- Commercial benches established in Mumbai High Court (Maharashtra)
- Creation of Invest Punjab, as a one-stop clearance system for investment projects (Punjab)
- 131 industries exempted from consent requirement by Pollution Control Board (Punjab)
- Real-time allotment of TIN - Taxpayer Identification Number (Delhi)
- Online application portal for residential and industrial building permits (Delhi)
- Commercial benches established in High Court (Delhi)
- Online portal for construction permits for institutional and commercial buildings (Delhi)
- Static check posts replaced by mobile squads (Uttara hand)
- Green industries exempted from inspection by Pollution Control Committee (Puducherry)
- Checklist for 86 government services and delivery timelines across 23 departments/organizations made available on Karnataka Udyog Mitra, an online portal (Karnataka)

SKILL INDIA

Objectives of 'Skill India'

The main goal is to create opportunities, space and scope for the development of the talents of the Indian youth and to develop more of those sectors which have already been put under skill development for the last so many years and also to identify new sectors for skill development. The new programme aims at providing training and skill development to 500 million youth of our country by 2020, covering each and every village. Various schemes are also proposed to achieve this objective.

Features of 'Skill India'

- The emphasis is to skill the youths in such a way so that they get employment and also improve entrepreneurship.
- Provides training, support and guidance for all occupations that were of traditional type like carpenters, cobblers, welders, blacksmiths, masons, nurses, tailors, weavers etc.

- More emphasis will be given on new areas like real estate, construction, transportation, textile, gem industry, jewellery designing, banking, tourism and various other sectors, where skill development is inadequate or nil.
- The training programmes would be on the lines of international level so that the youths of our country can not only meet the domestic demands but also of other countries like the US, Japan, China, Germany, Russia and those in the West Asia.
- Another remarkable feature of the 'Skill India' programme would be to create a hallmark called 'Rural India Skill', so as to standardise and certify the training process.
- Tailor-made, need-based programmes would be initiated for specific age groups which can be like language and communication skills, life and positive thinking skills, personality development skills, management skills, behavioural skills, including job and employability skills.
- The course methodology of 'Skill India' would be innovative, which would include games, group discussions, brainstorming sessions, practical experiences, case studies etc.

Need of 'Skill India'

- Job creation.
- Youth skilling.
- Demand for skilled work force.

The mock-session resulted into a lot of discussion and interaction as well as knowledge-sharing by the participants and audience. Such mock-sessions can positively help to enhance practical learning among the students and faculty members.

Mock-Session Faculty & Mentor: Dr. Rajesh Khajuria, Co-ordinated by: Ms. Ranjita Banerjee and Ms. Nusrat Campwala from CKSV Institute of Management, Vadodara. Report compiled by Ms. Ranjita Banerjee. Guest of Honour for the mock-session: Mr. Ashok Shelat (Faculty).

Web-site references

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