

Catalysing State Exports

Enhancing grassroots contribution to India's cross border trade with
State Export Promotion Strategy



About GTO

Who We Are	3
What We Do	4
How We Do It	5

Project Introduction	6
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Key Objectives	
Our Focus Areas	7

Driving Factors	10
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Who We Are

India is on a trajectory to become a \$5 trillion economy. GTO aims to be the primary policy analyst and catalyst towards achieving this goal by supporting increased economic opportunity, participation, and prosperity. Specifically, it intends to become a knowledge bank for trade decision-makers; a bridge between district, state, and international-level trade action plans; and a source of solutions for Indian policymakers to solve trade challenges and tap into unfulfilled trade potential.

Global disruption and uncertainty – whether COVID, conflict, or climate change – complicate the trade landscape. GTO brings with it three decades of experience in empowering various industries to navigate Indian foreign trade policy. Today, it takes forward its mission to create an India beyond India through 21st century policymaking: data-driven, 360-degree intelligence; impactful policy recommendations; and the power of action.

GTO is an independent, data-driven organisation. We are a team of experts from diverse backgrounds who are committed to advancing India's trade profile, potential, and policies through improved implementation.



GTO creates impactful policy recommendations to maximise India's trade potential through three key focus areas of work:

TRADE MONITORING

Transforming data into intelligence

GTO uses a big-data driven system that runs 8-digit HS code analysis to monitor current status, derive sectoral and geographic trends, visualise movement of trade, map trade competitiveness, and identify growth areas. A combination of collated publicly available trade sources and broader metrics of Indian economy and sector-specific trends enables us to offer evidence-based forecasting, analysis, and strategies.

POLICY CONSENSUS

Bridging diversity for quality impact

GTO works with stakeholders across the board to create solutions to overcome challenges and develop opportunities for value. GTO connects different points of view – across policy levels, regions, communities – to encourage better quality and practical outcomes. This also ensures that policies address the needs of all implicated communities, and fosters collective ownership, commitment, and accountability towards common priorities.

THOUGHT LEADERSHIP

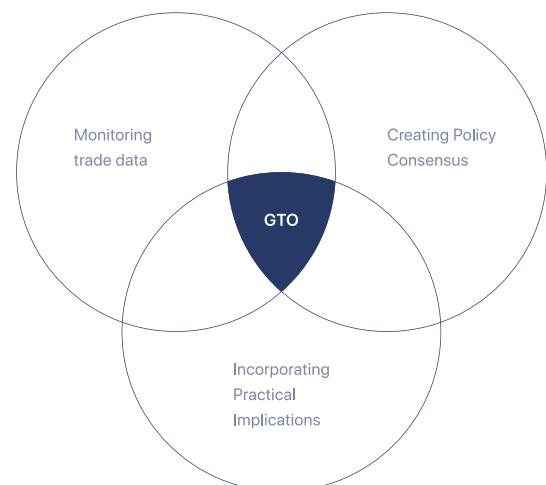
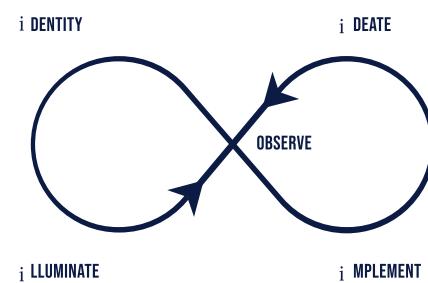
Advancing ideas for transformational change

GTO aligns data-based insights with an understanding of the trade landscape and trends in the global markets to offer practical policy recommendations for impact. It also reaches out to expert voices from the field – academics, policymakers, private sector – to support this aim.

POLICY DESIGN AND IMPLEMENTATION

We begin with asking the right questions and understanding the essence of the problem. The next step towards discovering the great answer lies in researching and developing an in-depth analysis. Comprehensive analysis and free-hand brainstorming unleashes the power of setting beyond the obvious solutions. Radical transformation stems from execution of well laid out plans. To foster impactful innovation we collaborate with key stakeholders to facilitate real development. At the heart of Infinite Innovation is Observation. At every stage of problem solving, keen observation empowers the effectiveness of our actions. It enables us to be receptive to feedback and understand the nuances holistically. Accumulation of all these constructive small steps thus helps us in achieving our goal.

The core of our innovation process ensures we work with stakeholders to create solutions that overcome challenges and develop opportunities that create value. The viability of this innovation is established by our methodology which creates an overlap of three critical factors - big data analysis, intuitive intelligence of people, and practical on-ground realities.



Why State Export Promotion ?

India is known for its diversity, richness of resources and unique skills. To take big strides towards making it a \$5 trillion economy, it is imperative to focus and grow cross border trade, given its significant contribution to the economy. To make India an export-led economy along with manufacturing & services hub, it is essential to stimulate the economy from the grassroots - across geographies with emphasis on capability building focused on regional specialisation thus playing on our strengths and natural competitive advantage. A unified effort towards this goal falls under the overall mission of the government to convert each district into an export hub, which can be implemented through the State Export Promotion Strategy in sync with the Districts as Export Hubs (DEH) initiative. The vision of focussing on district-led export growth for self-reliance was asserted upon by the Honourable Prime Minister of India in his Independence Day Speech in 2019.

Planning for export growth in India was historically a centralised process. This new approach of encouraging districts to become the export hubs infuses renewed energy and ideas by decentralising the planning process, and putting the local stakeholders at the focal point of the initiative.

We are focussing on exports not only to correct the trade deficit but also utilise it as a means for boosting grassroots economic growth, making local products more attractive for consumers across the world and supporting employment generation through empowering the MSME sector.

Active participation from the state and district authorities and their involvement in the decision-making process now has not limited export promotion to the centre only. This ensures enhanced plan of action development as the localised stakeholders are more aware of the on-ground realities and existing bottlenecks in the system. This coordinated and synergised effort between the Centre, State and District bodies will ensure better strategies to be created for export promotion, which will further boost local production, generate employment, promote self-sufficiency and make India self-reliant (*AtmanirbharBharat*) as each state will develop capabilities for an enhanced global reach.



**CATALYSE
STATE
ECONOMY**

- Sustained Trade Growth via Exports
- Become Sectoral Champion
- Generate Employment

Our Focus Areas



**INTERNAL CAPABILITY
DEVELOPMENT FROM
GRASSROOTS**

- Production , productivity, service improvements
- Skill & entrepreneurial mindset development
- Availability of capital
- Marketing for better reach
- Enhanced global competitiveness with cost optimisation at each stage of value chain

**EXTERNAL ECOSYSTEM
ENHANCEMENT FOR
SUPPORT**

- Infrastructure and utilities availability
- E-commerce, Technological Capabilities
- Packaging, aggregation & logistics facilities
- Strategic tie-ups
- Public-Private partnerships
- Potential markets for increased exports

**POLICY, OPERATIONS
AND REGULATORY
TRANSFORMATION**

- Technology utilisation of information availability
- GI Tagging & Certifications
- Ease of Doing Business
- Trade liberalisation
- Manufacturing , operations service sector supportive policies
- Well-established institutional responsibilities

While identifying products and sectors with export potential is just the beginning, given the vastness and diverse nature of the project, it becomes necessary to structure and develop frameworks for uniform planning, implementation and progress monitoring. Moreover it is necessary to simultaneously address all the trade barriers and grassroots challenges to develop a favourable ecosystem for cross border trade across the supply chain.

A. FOSTERING SYNERGIES TO BUILD A CONDUCIVE ENVIRONMENT

As India looks to leverage these competitive advantages, leveraging the role of States to facilitate cross-border trade is of utmost importance. The State Export Promotion Strategy is a critical tool in this regard. It helps in developing synergies amongst all for stakeholders across the value chain in realising their full potential. Such a Strategy will provide a roadmap to improve export competitiveness, and create a conductive environment which can catalyse cross border trade.

B. DECENTRALISED APPROACH FOR ENHANCED TRADE

The proposed approach is radical because it acknowledges the potential of a decentralised model of development. Furthermore, it acknowledges the Indian states' powers in matters of trade and commerce as laid down in the State List of the Indian Constitution and seeks to make it into an actionable proposition. Recent policy moves such as the Union government's endorsement of DEH is a shift away from historically centralised planning for export growth. DEH will ensure better strategies to be crafted for export promotion, which will further boost local capabilities.

C. ALIGNMENT WITH EXISTING SCHEMES

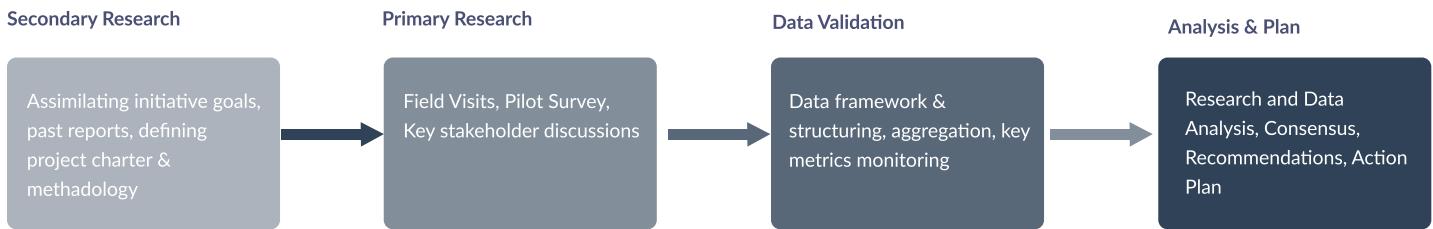
For optimum utilisation of resources, and to improve efficiency to achieve the required outcomes like contributions by the sectors in exports from the grassroot level, it is imperative to identify the convergence points of existing support policies and schemes through rigorous research. The alignment of the existing and the upcoming support policies and schemes of the Centre and the State may lead to better utilisation of government resources.

D. EXPORT PREPAREDNESS INDEX

The EPI ranks states and UTs on 4 main pillars namely policy; business ecosystem; export ecosystem; export performance and 11 sub-pillars including export promotion policy, institutional framework, business environment, infrastructure, transport connectivity, access to finance, export infrastructure; trade support, R&D infrastructure; export diversification and growth orientation. EPI 2021 brings out three major challenges to India's export promotion. These are intra- and inter-regional differences in export infrastructure; weak trade support and growth orientation across states; and lack of R&D infrastructure to promote complex and unique exports. The index can be a valuable tool for the government and policymakers in encouraging healthy competition among states and UTs, hence enhancing India's standing in the global export market.

E. DISTRICT AS EXPORT HUB

For the successful implementation of DEH, synchronisation with a State Export Promotion Strategy is required. 'Districts as Export Hubs' policy is directed towards achieving self-sufficiency, self-reliance, attracting investments, creating an ecosystem for innovation at district level, reducing transaction costs at various exporting stages, generating employment and facilitating wide and global outreach of products/services through e-commerce and digital marketing.



To achieve trade promotion via enhanced competitiveness and new market in tandem with integrated community and value chain development by utilising local wisdom at this scale and magnitude arises certain complexities.



Identification of focus areas & champion sectors

Finalising the approach to be adopted to choose the 'Product Or 'Service' with motivations varying from already mature, traditionally famous, GI-tagged, declining, key focus etc products or service. Adopting a well-defined selection criteria backed by capabilities, raw materials, value chain, market potential, global metrics to support the choice can further propel the strategy.



Standardised yet customised framework:

Every district in the state has unique products, services and challenges associated with it. It is necessary to take into consideration all the factors to develop transformative policies. Overviewing a project at this scale requires building a flexible framework which can streamline assimilation of information and supplement well-thought out action plans.



Consolidation & Monitoring of metrics:

Today raw data & information is being collected by various government bodies and institutes in the form of economic, tax, production, consumption, import, export, global metrics - which directly or indirectly can be correlated to derive insights. It requires collation, and big data analysis to take well informed decisions while closely tracking progress on trends for timely course correction.



Interventions to address on-ground bottlenecks:

Alongside Quantitative analysis, it is essential to capture qualitative insights via thorough on-ground primary research and focus group discussions to capture all the difficult challenges, understand all perspectives, brainstorm to develop holistic strategies and bring ownership and consensus for active participation and execution across various sectors and stages of the value chain.



Coordinated National & local efforts for effectiveness :

Amalgamating efforts of existing centre & state schemes & stakeholders in a well-defined roles and responsibility matrix across levels is suggested to ensure clear distribution of duties & effective checks and balances for smooth execution till the last mile of the project-proactive planning and execution from strategic reach-outs, partnerships to monitoring of progress.

DEVELOP A HOLISTIC METHODOLOGY TO IDENTIFY KEY INTERVENTION AREAS

One of the most important steps in achieving greater trade outcomes is by way of strengthening the mechanisms of policy execution on ground. The core of the strategy lies in understanding the current state of the value chain across sectors and the ground level realities which are holding back the district's export potential. A combination of both Top-down and Bottom-Up approaches is to be adopted to identify driving factors and challenges for every sector from every district to ensure accurate and complete coverage via in-depth primary research including all stakeholders involved and impacted. While the optimum development of human resource, raw materials, supply chain, and technology capabilities will enhance exports, it is necessary to supplement this development with policy and regulatory transformation to propel further growth. A suggested framework is showcased below.



This can be enabled via diligently working towards further enhancing the Export Preparedness Index . GTO aims to support the efforts of the State Government to develop all its Districts as Export Hubs by aiding the planning, strategising and implementation of the initiative with our deep understanding of the subject matter having operated in this domain for three decades.

Along with building a strong foundation for the initiative with our tools and frameworks, we will assist by actively collaborating with stakeholders across levels and sectors to enable on-ground realisation. By becoming a knowledge, we shall serve as an extended arm of the state government and as an analyst for various institutions and bodies to help formulate and execute export promotion initiatives and witness tangible action even in the remotest geographies. We are not just a consulting firm, but a social impact brain trust with executional expertise and thorough understanding of India's trade roots, realities, needs, and expectations. Thus, our proposed strategies and recommendations are transformable into actionable plans to further enable the goal of Government to fast-track economic development.

GTO fosters the technical capabilities to address the imperatives and impediments of export-led economic growth. With rapid technological developments, covid-19 pandemic, evolving international markets; the socio-economic landscape has evolved, there is disruption in the business models, and a need for sustainable and self-sufficient economic growth. GTO aims to support the principal agency while pulling a variety of levers simultaneously and playing a role in the following:



Technology-led support



Accessibility across stakeholders



Robust research and analysis



Synergy across sectors



Strategic Insights



Innovation in implementation

The State Exports Promotion Strategy is critical for holistic development of the state export ecosystem. It can be empowered by a process and a team to ensure that the multitude of sub-initiatives are monitored and managed effectively. It may also require an entity to strengthen the State's goal to promote alignment across various stakeholders spread across geographies. Because the multiple driving factors, components and dependencies needed to be orchestrated, GTO aims to supplement adequate preparation and the coordination of individual projects under this initiative.

Collation of all relevant trade metrics and information to supplement decision-making

Coordinating and collaborating with relevant stakeholders for policy consensus

Maximising potential of India's foreign trade for economic growth



Deep-diving into databases and big data analytics and supplementing with research to derive tactical insights

Implementing policies to meet short- and long-term objectives

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This Document is created by the young minds working at GTO, who believe in driving impactful social change for India's unprecedented growth. We thank the honourable State Government for giving us this opportunity. We gratefully acknowledge the contributions of the authors involved in the production of this proposal.

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