

Council for Trade Promotion

132

5 January 2017



Department of Industries,
Government of Maharashtra

Agenda

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- 2 Initiatives by the state**
- 3 Key Challenges further interventions by state government**
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- 5 Sector specific challenges and interventions**



State's Export scenario

Export Potential of Maharashtra

Major Potential Export Sectors

Pharmaceutical and BioTech

Agro-products

IT/ ITES and Electronics

Engineering

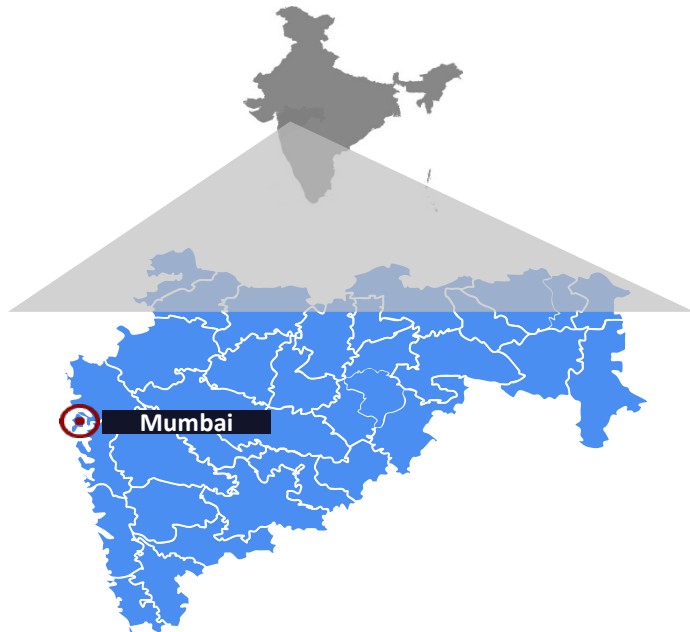
Textiles

Chemicals

Automobile & auto components

Services

Maharashtra's Strengths

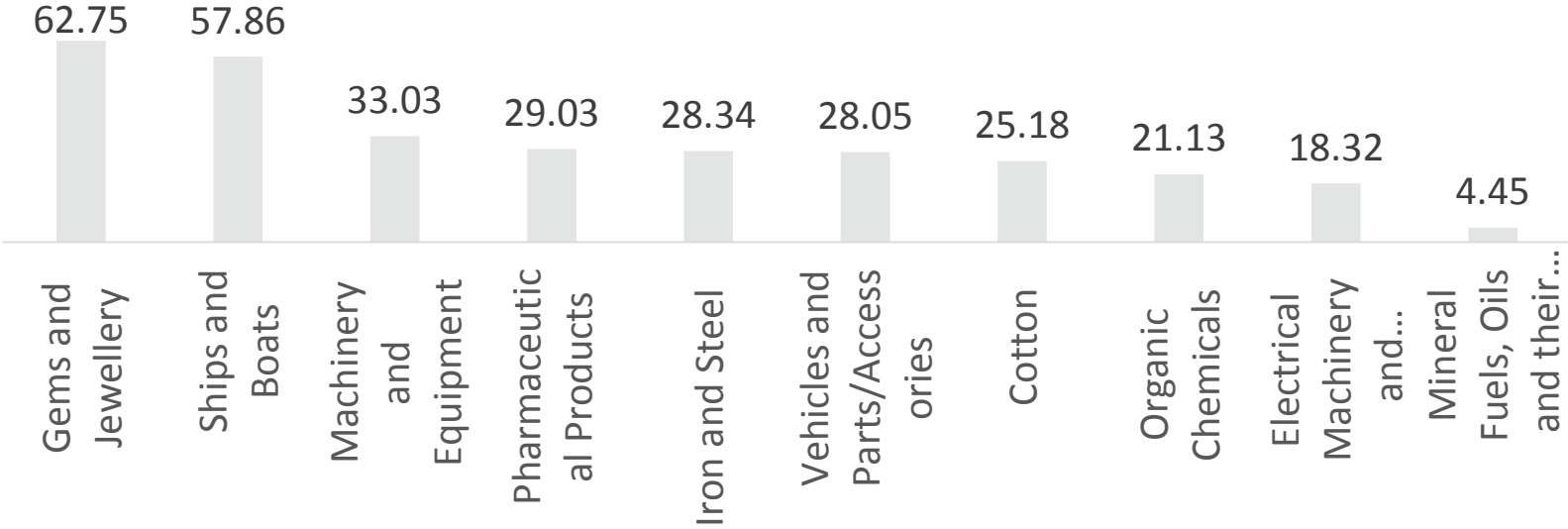


- Mumbai - The financial & commercial capital of India
- Most industrialized state in the country
- State with the highest FDI in India (30%)
- With JNPT & MbPT, the largest container handling port in India.
- Under Make in India initiative, 3018 MOUs signed involving investment of approx. Rs 8 lakh crores and employment of 30 lakhs. Already 650 projects realized (approx. 22 %)
- Coast line stretching 720 kms
- ICD at 4 places – Mumbai, Pune, Aurangabad and Nagpur
- 18 national highways, 3 international and 7 domestic airports and 6181.46 kms of railway network in the State.
- Highly urbanized (45%) and skilled population

State's Export Scenario (2015-2016)

- Maharashtra's Exports to the world (upto Nov 2016) - INR 2,87,007 Crores
- Maharashtra's Share in India's Exports to the World (upto Nov 2016)– 25.79%

Major Exports and Maharashtra's Share in India's Total Exports to World (in %)



Source: Director General of Commercial Intelligence & Statistics, Kolkata 2016 and Economic Survey of Maharashtra 2015-16



Initiatives by the state

Initiatives of the State

Initiatives under Ease of Doing Business

For enhancing Ease of Doing Business, several reforms and various initiatives have been taken -

- MAITRI physical bureau and online portal for Single Point Interface with the State Government
- Dedicated desk for the exporters being operationalized
- CAF for all 44 services across 18 Departments of State Government online

MAITRI Single Window

MAITRI Online Portal

- Aims at promoting investments and facilitating business partnerships
- Functions as a clearing house for all investment related information
- Assists the state/investors on various investment opportunities
- Acts as a comprehensive repository of information

MAITRI Physical Bureau

- A team of dedicated officers from different Departments
- 41 Officers appointed across 18 Departments with Development Commissioner (Industries) as the Chairman

MAITRI Investor Helpline

- Mechanism for effectively redressing investor grievances on setting up or running an industry in Maharashtra
- Separate team appointed for investor handholding support
- Contact details - 02222622322/02222622362

Initiatives of the State

Other Key Reforms Introduced



Randomized Risk based Inspection for Labour and Environment Clearances



Single ID and Online Payment for VAT, CST, PT, Entry and Luxury Tax



Specialized benches under Bombay High Court/ District courts to hear Commercial Cases



Implementation of AutoCAD based software to scrutinize building plans in Mumbai



Abolition of Industrial Location Policy and Establishment of IITs and IIAs



Online Application and Payment under various Labour and Environment Acts



Mobile Application and Investor helpline for support and facilitation to investors



Digitization and integration of property registration related databases



Abolishment of affidavits & availability of sample document online on various Department websites



Self-Certification Scheme for labour and environment clearances



Time for obtaining electricity connection reduced by 52 days



Reduction in cost of obtaining construction permit in Mumbai by 79.6%; Reduction in time by 132 days

Policy Framework for Boosting Investor Confidence

Policy frameworks for boosting investor confidence in place

Industrial policy

- Fiscal and non fiscal support for –
- industrial investments
- creation of infrastructure, Integrated Industrial Areas

IT/ITES policy

- Enhanced FSI
- Integrated IT Townships
- Support for AVGC, data centers, etc.

Electronics and Hardware policy


- Enhance fiscal incentives, manufacturing parks, Single Window Clearance,
- Special incentives for FAB

Logistics policy (under finalization)

- Support to establish logistics parks
- Industrial status
- Support for last mile infrastructure

Export promotion strategy (proposed)

- Study on Maharashtra export potential and strategy conducted by IIFT. Policy in making



**Key Challenges
and the possible
further
interventions by
the state
government**

Key Challenges and the possible further interventions by the state government

Tax Regime & System


- VAT refund for exporter: 80-20 Rule
- No Entry Tax for EOUs on diesel procured from other States
- Exemption of tax on sale of electricity being levied on SEZ units
- No levy of duty on power generated through captive power plants by the industrial units, specially, by EOUs and SEZ units

Testing & Inspection Facilities and Trade Promotion Measures

- Setting up Testing and Inspection centres for specific export clusters (e.g. Aurangabad, Ichalkaranji, Nashik, Solapur)
- Incentivizing costs of testing equipment from recognized firms
- Creation of international exhibition center for promoting trade fairs for specific export clusters (e.g. Kolhapur / Solapur / Satara belt)

Training and awareness in Export-oriented sectors

- Special skill development programmes need to be introduced which will cater to the needs of the export-oriented sectors



**Key Challenges
and the possible
further
interventions by
the central
government**

Key Challenges and the possible further interventions by the central government

Railways
Network for
External
Trade

International
Airports for
External Trade

Dry Ports and
Warehousing

Port Related
Issues

Reform of
Labour Laws

Other Issues

Key Challenges and the possible further interventions by the central government

Area of intervention	Major Challenges	Centre's Intervention
Railways Network for External Trade	<ul style="list-style-type: none">• High travel time to JnPT• 48 containers per trip guarantee requirement.• Delay in transportation of loaded railway rakes/ containers to gateway ports for subsequent shipment.	<ul style="list-style-type: none">• Dedicated Railway Freight Corridor between major export centres (e.g. Aurangabad, Kolhapur, Nagpur, Nashik, Pune) to JNPT port / Sahar Airport.• Flexibility in the guarantee requirement of 48 containers per trip, particularly for perishable products
International Airports for External Trade	<ul style="list-style-type: none">• International air cargo primarily handled by Mumbai Airport, leading to rush.• Need to develop other airports in order to reduce lead time and cost.	<ul style="list-style-type: none">• Operationalize Civil Airports at Jalgaon, Kolhapur and expand Airport at Aurangabad

Key Challenges and the possible further interventions by the central government

Area of intervention	Major Challenges	Centre's Intervention
Dry Ports and Warehousing Infrastructure for External Trade	<ul style="list-style-type: none">• Limited spread of warehouses, increasing cost of transportation.• Delays and the associated warehouse charges at JNPT.• Slow-down of Export movement due to container filling requirement (ICD Bhusawal to JNPT)	<ul style="list-style-type: none">• ICDs required in Solapur, Gondia and Nashik• Financial assistance for setting up warehouses in clusters, e.g. - Nashik (grapes), Jalgaon (Banana), Kolhapur (agro-processed products).
Reform in labour laws	<ul style="list-style-type: none">• Flexible labour laws needed	<ul style="list-style-type: none">• Excluding MSMEs from the provisions of Factories Act, 1948.• Amendments in the Contract Labour Act, 1970

Key Challenges and the possible further interventions by the central government

Area of intervention	Major Challenges	Centre's Intervention
Other Issues where Centre's Intervention is required	<ul style="list-style-type: none">• Procedures for starting a business• Lack of export institutional facilities at all exporting clusters• Time required for International Trademark Registration	<ul style="list-style-type: none">• Simplification of application process by introducing a combined application form (CAF).• Establish EIAs and Laboratories for facilitating Testing and Inspection in Nashik, Aurangabad and Solapur.• More Preferential Certificate of Origin issuing authorities in districts like Aurangabad.• Delegation of certificate issuing power to entities like Chamber of Marathwada Industries & Agriculture (CMIA).• Greater support from Indian Missions abroad for International Trademark registrations to facilitate the process.• Setting up of ECGC office in major export clusters

Key Challenges and the possible further interventions by the central government

Area of intervention	Major Challenges	Centre's Intervention
Other Issues where Centre's Intervention is required	<ul style="list-style-type: none">• The state doesn't receive any taxes from the exports arising from its ports. This will be an issue more so when the GST will be implemented• Due to lack of funds some of the major initiatives such as road connectivity for JnPT-DMIC (Dighi), Pune- DMIC (Dighi), DMIC(Dighi) to Dighi Port not are getting implemented• Also, testing and inspection centres are not being taken up due to lack of funds	<ul style="list-style-type: none">• The ASIDE scheme which has been closed by the Centre needs to be revisited. Fresh funds are needed to be created to create the necessary infrastructure and eco-system.



**Sector specific
challenges**

Key Challenges and the possible further interventions by the central government

Sector	Major Challenges	Centre's Intervention
Textiles, Apparel and Footwear	<ul style="list-style-type: none">• Anti-Dumping duty• Customs duty• Foreign Product standards• Production Integration	<ul style="list-style-type: none">• Possible increase in drawback rate.• Technology Upgradation Fund to all units in the State.• Speedy resolution of the anti-dumping investigations and duties abroad.• Zero tariff on import of textile machinery.• Mutual recognition agreement with EU, which follows a no chemical dye policy.• Dyeing and sizing facility near the textile clusters to ensure production integration.
Agro Processed Foods	<ul style="list-style-type: none">• Warehousing and cold storage facilities• Delays in customs clearances	<ul style="list-style-type: none">• Cold storage and cold chain facilities in Agro clusters like Nagpur, Nashik and Jalgaon.• Single window clearance for perishable goods (e.g., grapes, banana, orange)• Dedicated freight corridors to reduce transportation cost of perishable goods.

Key Challenges and the possible further interventions by the central government

Sector	Major Challenges	Centre's Intervention
Engineering Goods	<ul style="list-style-type: none">• Import Duty on Raw Materials• Safeguard Duty	<ul style="list-style-type: none">• Revision of import duty on metal scrap, a major raw material.• Reduction in safeguard duty on stainless steel import from China to maximize benefits under Advance Authorization scheme of DGFT.
Electronic Goods	<ul style="list-style-type: none">• Marketing and Promotional activities	<ul style="list-style-type: none">• Mutual recognition agreement between Indian BIS standards and relevant US standards for electronics components exports.

Key Challenges and the possible further interventions by the central government

Sector	Major Challenges	Centre's Intervention
Gems and Jewellery	<ul style="list-style-type: none">• Handling Issues• Customs Duty• Technology issues• Designing issues• Promotional activities	<ul style="list-style-type: none">• Industry status to Gems & Jewellery Sector.• Facility of Hand Carry of jewellery in Mumbai port and airport.• Bonds against the custom duty which is pending since 3 years by nominated agencies/banks.• Modernization of firm machineries pertaining to manufacturing and design through Technology Upgradation Fund.• Creation of Design Centers /Studios, to enable movement from commoditized selling to design-based selling in collaboration with Gems and Jewellery EPC and specific designing training institutes (e.g., Indian Institute of Gems and Jewellery).• Regular trade fairs.

Key Challenges and the possible further interventions by the central government

Sector	Major Challenges	Centre's Intervention
Auto components	<ul style="list-style-type: none">• Customs duty	<ul style="list-style-type: none">• Reforms in customs duty structure for import of Alloy Steel, Mild Steel, Aluminum Alloy and Secondary Aluminum Alloy, the major raw materials
Chemicals and Pharmaceuticals	<ul style="list-style-type: none">• Foreign Product Standards• Certification requirements• IPR issues• R&D Incentives	<ul style="list-style-type: none">• Inspections in compliance with the Drugs Administration of various countries, especially the US (USFDA).• Mutual recognition agreement between India and South American countries for ensuring exports of AYUSH products.• Certification offices for bio-tech products in Pune.• IPR think tank for the pharma and chemical sector.• Export incentives to the pharma companies



Thank you...