

# ANNUAL REPORT 2008-09



सत्यमेव जयते

**Department of Commerce**  
**Ministry of Commerce & Industry**



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# GLOSSARY

## List of Abbreviations Used in the Report

Abbreviation	Expansion
ABS	Access and Benefit Sharing
ACCs	Air Cargo Complexes
AED	Additional Excise Duty
AEZs	Agricultural Export Zones
AICTE	All India Council for Technical Education
AHMC	Assaying and Hallmarking Centre
AMS	Aggregate Measurement Support
AOA	Agreement on Agriculture
APCAEM	Asia and Pacific Centre for Agriculture and Engineering Machinery
APCICT	Asian & Pacific Training Centre for Information & Communications Technology for Development
APCTT	Asian and Pacific Centre for Transfer of Technology
APEDA	Agricultural and Processed Food Products Export Development Authority
APTA	Asia Pacific Trade Agreement
ASCM	Agreement on Subsidies and Countervailing Measures
ASEAN	Association of South East Asian Nations
ASIDE	Assistance to States for Development of Export Infrastructure and other Allied Activities
ASSOCHAM	Associated Chambers of Commerce & Industry of India
BHLG	Bilateral High Level Group
BIFR	Board for Industrial & Financial Reconstruction
BIMSTEC	Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation

BIS	Bureau of Indian Standards
BOA	Board of Approval
BOT	Board of Trade
BRC	Bank Realization Certificate
BTP	Biotechnology Park
CAGR	Compound Annual Growth Rate
CAPEXIL	Chemicals and Allied Products Export Promotion Council
CBD	Convention on Bio-Diversity
CCA	Chief Controller of Accounts
CCRI	Central Coffee Research Institute
CDM	Clean Development Management
CEC	Committee on Economic Cooperation
CECA	Comprehensive Economic Cooperation Agreement
CECPA	Comprehensive Economic Cooperation and Partnership Agreement
CENVAT	Central Value Added Tax
CEPA	Comprehensive Economic Partnership Agreement
CFC	Common Fund for Commodities
CFSs	Container Freight Stations
CHEMEXCIL	Chemicals Export Promotion Council
CIF	Cost Insurance Freight
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CLE	Council for Leather Exports
COE	Committee of Experts
COMESA	Common Market for Eastern and Southern Africa
CONCOR	Container Corporation Of India
CPIOs	Central Public Information Officers
CSIR	Council of Scientific & Industrial Research
CSM	Consortium of Shoe Manufacturers

CSP	Common Service Providers
CST	Central Sales Tax
CVC	Central Vigilance Commission
DCs	Development Commissioners
DDA	Doha Development Agenda
DEPB	Duty Entitlement Passbook Scheme
DES	Duty Exemption Scheme
DFCE	Duty Free Credit Entitlement
DFIA	Duty Free Import Authorization
DFQF	Duty Free Quota Free
DFRC	Duty Free Replenishment Certificate
DFTP	Duty Free Tariff Preference
DGAD	Directorate General of Anti-Dumping & Allied Duties
DGCI&S	Directorate General of Commercial Intelligence and Statistics
DGFT	Directorate General of Foreign Trade
DGS&D	Directorate General of Supplies and Disposal
DoC	Department of Commerce
DoNER	Department of North-East Region
DSB	Dispute Settlement Body
DSU	Dispute Settlement Understanding
DTA	Domestic Tariff Area
DTR	Daily Trade Return
ECA	Economic Commission for Africa
ECGC	Export Credit Guarantee Corporation of India Limited
ECLA	Economic Commission For Latin America
ECR	Export Credit Refinance
EDF	Export Development Fund
EDI	Electronic Data Interchange
EEC	European Economic Community

EEPC	Engineering Export Promotion Council
EFTA	European Free Trade Association
EGOM	Empowered Group of Ministers
EHTP	Electronic Hardware Technology Park
EIAs	Export Inspection Agencies
EIC	Export Inspection Council
EO	Export Obligation
EOUs	Export Oriented Units
EPA	Economic Partnership Agreement
EPB	Export Promotion Board
EPCG	Export Promotion Capital Goods Scheme
EPCs	Export Promotion Councils
EPIPs	Export Promotion Industrial Parks
EPZ	Export Processing Zones
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
EXIM	Export-Import
FCV	Flue Cured Virginia Tobacco
FDDI	Footwear Design & Development Institute
FDI	Foreign Direct Investment
FICCI	Federation Of Indian Chambers Of Commerce & Industry
FIEO	Federation of Indian Export Organizations
FMS	Focus Market Scheme
FOB	Free on Board
FPS	Focus Product Scheme
FSMSC	Food Safety Management Systems Based Certification
FTAs	Free Trade Agreements
FTP	Foreign Trade Policy
FTWZ	Free Trade Warehousing Zone

GAP	Good Agricultural Practices
GATT	General Agreement on Trade & Tariffs
GCC	Gulf Cooperation Council
GCI	Growth Competitiveness Index
GDP	Gross Domestic Product
GI	Geographical Indications
GJEP	Gems & Jewellery Export Promotion Council
GMO	Genetically Modified Organism
GRC	Grievance Redressal Committee
GSTP	Global System of Trade Preferences
GTL	Gem Testing Lab
HACCP	Hazard Analysis & Critical Control Points
HBP	Hand Book of Procedures
HPLC	High Performance Liquid Chromatography
HRD	Human Resource Development
HS	Harmonised System
HSD	High Speed Diesel
IAPTA	India Afghanistan Preferential Trade Agreement
IBEF	India Brand Equity Foundation
ICA	Indian Council of Arbitration
ICAR	Indian Council of Agricultural Research
ICCR	Indian Council for Cultural Relations
ICDs	Inland Container Depots
ICNRED	International Conference on Natural Rubber Extension and Development
ICO	International Coffee Organisation
ICP	Integrated Computerization Project
ICTA	Indian Coffee Trade Association
IDI	Indian Diamond Institute
IDLS	Integrated Development of Leather Sector Scheme

IEC	Importer Exporter Code Number
IFC	Information and Facilitation Counter
IGC	Inter-Governmental Commission
IIFT	Indian Institute of Foreign Trade
IIP	Indian Institute of Packaging
IITF	India International Trade Fair
ILDPA	Integrated Leather Development Programme
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IPQC	In-process Quality Control
IPRs	Intellectual Property Rights
IRDA	Insurance Regulatory and Development Authority
ISFTA	Indo SriLanka Free Trade Agreement
ISO	International Organization for Standardization
ITA	Inland Transport Assistance
ITC	International Trade Centre
ITPO	India Trade Promotion Organization
JBCs	Joint Business Councils
JCM	Joint Commission
JEC	Joint Economic Committee
JEG	Joint Economic Group
JSG	Joint Study Group
JTF	Joint Task Force
JWG	Joint Working Group
KPCS	Kimberley Process Certification Scheme
LAC	Latin American and Caribbean
LCSs	Land Customs Stations
LDCs	Least Developed Countries
LMG	Like Minded Group

LOI	Letters of Intent
LPI	Logistic Performance Index
LTFR	Less Than Full Reciprocity
MAI	Market Access Initiative
MDA	Marketing Development Assistance
MEP	Minimum Export Price
MFN	Most Favoured Nation
MMTC	Minerals and Metals Trading Corporation
MODVAT	Modified Value Added Text
MoP	Margin Of Preference
MoUs	Memoranda of Understanding
MPEDA	The Marine Products Export Development Authority
MRAs	Mutual Recognition Agreements
MSMEs	Micro, Small and Medium Enterprises
MSP	Minimum Support Price
MTPL	MMTC Transnational Pte. Ltd., Singapore
NABL	National Accreditation Board for Testing and Calibration Laboratories
NaCSA	National Centre for Sustainable Aquaculture
NAFTA	North America Free Trade Agreement
NAMA	Non Agricultural Market Access
NCTI	National Centre for Trade Information
NEIA	National Export Insurance Account
NETFISH	Network for Fish Quality Management and Sustainable Fishing
NFE	Net Foreign Exchange
NGR	Negotiating Group on Rules
NIC	National Informatics Centre
NINL	Neelachal Ispat Nigam Ltd.
NPOP	National Programme for Organic Production
NRCP	National Residue Control Plan

NTBs	Non-Tariff Barriers
OECD	Organisation for Economic Co-operation and Development
OLIC	Official Language Implementation Committee
OTDS	Overall Trade-distorting Domestic Support
PAI	Personal Accident Insurance
PCS	Port Community System
PEC	Projects and Equipment Corporation of India
PEPC	Project Exports Promotion Council
PHARMEXCIL	Pharmaceuticals Export Promotion Council
PIC	Prior Informed Consent
PIS	Priced Information System
PIU	Project Implementing Unit
PLSDP	Placement Linked Skill Development Programme
POL	Petroleum, Oil and Lubricants
PSAG	Private Sector Advisory Group
PSF	Price Stabilization Fund Scheme
PSUs	Public Sector Undertakings
PTA	Preferential Trade Agreement
QUPD	Quality Upgradation and Product Diversification
RBI	Reserve Bank of India
REACH	Registration, Evaluation and Authorization of Chemicals
RGCA	Rajeev Gandhi Centre for Aquaculture
RPSs	Rubber Producers' Societies
RRII	Rubber Research Institute of India
RTAs	Regional Trade Agreements
RTI	Right to Information
S&D	Special And Differential
SAARC	South Asian Association for Regional Cooperation
SACU	Southern African Customs Union

SAD	Special Additional Duty
SAFTA	South Asian Free Trade Area
SAPTA	SAARC Preferential Trading Arrangement
SCOPE-AIR	Standing Committee on Promotion of Exports by Air
SCOPE-SHIPPING	Standing Committee on Promotion of Exports by Sea
SEPC	Export Promotion Council for Services
SEPs	Sensitive Products
SEZ	Special Economic Zone
SHGs	Self Help Groups
SIAP	Statistical Institute for Asia and Pacific
SLEPC	State Level Export Promotion Committee
SMART	Society for Marketing of Rural Artisan Products
SPS	Sanitary & Phyto-Sanitary Measures
SSM	Special Safeguard Mechanism
STC	State Trading Corporation of India Limited
STCL	Spices Trading Corporation Ltd
STP	Software Technology Park
SVJDM	Sardar Vallabhbhai Patel Centre of Jewellery Design and Manufacture
TBT	Technical Barriers To Trade
TDA	Trade Development Authority
TED	Terminal Excise Duty
TEF	Trade and Economic Framework
TFAI	Trade Fair Authority of India
TIDP	Trade & Investment Development Programme
TLP	Tariff Liberalization Programme
TPF	Trade Policy Forum
TRA	Tea Research Association
TRAINS	Trade Analysis and Information System

TRIPS	Trade Related Intellectual Property Rights
TRQs	Tariff Rate Quotas
TSR	Technically Specified Rubber
TT	Tappers Training
TUSMP	Technology Upgradation Scheme for Marine Products
UNCTAD	United Nations Conference on Trade & Development
UNTPDC	UNCTAD Trade Point Development Centre
UPASI-TRF	United Planters' Association of Southern India- Tea Research Foundation
VHT	Vapour Heat Treatment
VKGUY	Vishesh Krishi and Gram Udyog Yojna
WANA	West Asia and North Africa
WEF	World Economic Forum
WEMS	Web Enabled Monitoring System
WPDR	Working Party on Domestic Regulations
WTO	World Trade Organization
WTPF	World Trade Point Federation

## OVERVIEW

### Trade Performance

The Government has a long-term vision of making India a major player in the world trade. On 31st August, 2004, the Government announced a five year Foreign Trade Policy (FTP) covering the period 2004-2009 laying out the basic objectives, specific goals, policies and strategies to be adopted to translate this vision into reality. The two basic objectives identified for FTP (2004-2009) were doubling India's percentage share of global merchandise trade in next five years and making trade an effective instrument of economic growth by giving a thrust to employment generation, especially in semi-urban and rural areas.

FTP (2004-2009) has been instrumental in giving a new direction and stability to India's foreign trade regime and putting India's exports on a higher growth trajectory. The exports from India witnessed an unprecedented and consistently high growth rate during the five year period from 2003-04 to 2007-08. During this period, exports grew at an average annual rate of more than 25%; increasing from US\$ 63.8 billion in 2003-04 to US\$ 163.0 billion in 2007-08. In spite of the global financial crisis and subsequent slowdown, the success story of high growth of exports continued into the first half of 2008-09 wherein exports grew at the rate of about 31% between April – September. Thereafter, the exports were hit hard as the world economy and demand continued to contract. However, India still managed to record a growth of 3.5% in dollar terms and 16.9% in rupee terms for 2008-09.

There has been considerable progress in achieving the two basic objectives of FTP (2004-2009). With merchandise exports growing at an average rate of more than 25% during 2004-2008, India has improved its rank in world merchandise exports from 30 in 2004 to 26 in 2008. India's average annual growth rate of exports during 2004-2008 was the third fastest after Russia (28.5%) and China (26.8%). India's share in the global merchandise trade increased from 0.8% in 2003 to 1.4% in 2008. With regards to the second objective of making trade an effective instrument of economic growth by giving special thrust to employment generation, sectors with significant exports prospects coupled with employment generation in semi-urban and rural areas were identified as thrust sectors and specific sectoral strategies have been prepared. The high growth in exports resulting from various initiatives during the last five years has resulted in generation of a large number of new jobs in the export sector.

In an increasingly integrating world, it is not possible to entirely isolate an individual economy from the effects of fluctuations in global output and demand. Indian economy being no exception, the country's output and exports were also adversely affected by the global slowdown during 2008. Yet the Indian exports showed a good measure of resilience and the deceleration in growth was less than the sharp decline recorded by other leading exporting countries like USA, Germany, Japan, China, etc. In fact, Indian exports recorded a growth rate of 21.8% during 2008 (21.5% in 2007) as compared to China, wherein exports growth in

2008 dropped sharply to 17.2% as against 25.8% in 2007. In order to mitigate the adverse impact of the global slowdown, the Government announced a series of fiscal, monetary and export promotion measures. The key measures announced in the stimulus package for exports included:

- Enhancing the period of pre-shipment and post-shipment Rupee Export Credit by 90 days each.
- Enhancing the limit of Export Credit Refinance (ECR) facility for commercial banks to 50% (from 15%) of the outstanding Rupee Export Credit.
- Increasing the time period of export realization for non-status holder exporters to 12 months.
- Making labour intensive exports i.e., textiles (including handlooms, carpets and handicrafts), leather, gems & jewellery and marine products more attractive by providing an interest subvention of 2% upto 30/9/2009 subject to minimum rate of interest of 7% per annum.
- Providing additional funds of Rs.1100 crore to ensure full refund of Terminal Excise duty/ CST.
- Refund of service tax on foreign agent commissions of up to 10% of FOB value of exports etc.

### **Foreign Trade Policy Initiatives during 2008-09**

The Annual Supplement for the year 2008-09 was released on 11th April, 2008. It focused on stability of policy regime and building confidence in trade and industry in the face of difficult international situation. Pending general elections and formation of a new Government, no full fledged Annual Supplement, 2009-10 was prepared by the Department. However, some specific trade

facilitation measures that were imperative, given the current economic slowdown, were announced on 26th February, 2009. Some of the major initiatives announced in the Annual Supplement to FTP in April, 2008 and the Trade Facilitation Measures announced on 26th February, 2009, are given below:

### **Focus Market and Focus Product Schemes**

The 'Focus Market Scheme' (FMS) has been under implementation since 1.4.2006. In order to give further boost to this Scheme, 10 new markets have been notified in Appendix 37C of Hand Book of Procedures (HBP) Vol I and made eligible for benefits under the Scheme with effect from 1.4.2008. These markets are: Mongolia, Djibouti, Sudan, Ghana, Colombia, Honduras, Albania, Macedonia, Bosnia-Herzegovina and Croatia. Thus, a total of 83 countries have, so far, been identified as Focus Markets.

The 'Focus Product Scheme' (FPS) has also been under implementation since 1.4.2006, to promote exports for products originating from rural and semi-urban areas having high employment potential. With effect from 1st April, 2008, toys and sports goods are entitled to higher duty credit scrip equivalent to 6.25% of FOB value of exports. Special rate of 5% has been granted for export of handmade carpets. In addition to this, a new scheme namely, High Value Added Manufactured Goods scheme has been introduced with effect from 1.4.2008.

### **High Tech Products Export Promotion Scheme**

For incentivising High Technology product exports, a new High Tech Products Export Promotion Scheme has been under implementation since 1st April, 2007. Under this Scheme, exports of High Technology Products, as notified in Appendix 37E of HBP, in free foreign exchange to all countries are

notified for Duty Credit Scrip equivalent to 1.25% of FOB (Freight on Board) value of exports or 5% of incremental growth in FOB value of exports of notified products during the current year over the previous year. Twelve products have been notified under the schemes so far.

### Market Linked Focus Products

To increase market penetration of specific products in specified markets, the “Market Linked Focus Products” Scheme has been introduced from 1.4.2008. Under this scheme, exports of products of high export intensity (which are not covered under the present FPS list) which have a low penetration in countries (which are also not covered under the present FMS list) would be incentivized and entitled to a duty credit scrip equivalent to 1.25% of FOB value of exports, provided that the product/sector is destined to specified linked market for that particular product/sector. Further, Readymade Garments and leather products have also been incentivized with special rate of 2% from 1.4.2009 till 30.9.2009 if exported to EU and USA. Exports of Readymade Garments made to Australia, Japan, and Brazil made with effect from 1.1.2009 have been allowed an incentive of 2.5%.

### Vishesh Krishi and Gram Udyog Yojna (Special Agriculture and Village Industry Scheme)

The Vishesh Krishi and Gram Udyog Yojana seeks to promote employment generation in rural and semi urban areas. The Scheme has been expanded to include export of Gram Udyog products i.e. village and cottage industry products w.e.f. 1.4.2006. The Scheme provides an incentive upon exports of identified products in the form of freely transferable duty credit scrip @5% of FOB value of exports. To ensure that the products manufactured/processed out of domestic inputs are incentivised

at a higher rate in comparison to the imported inputs, duty credit has been reduced to 3.5% of the FOB value of exports in such cases where the exporter avails the benefit under duty free import of agriculture inputs (other than catalysts, consumable and packing materials). In order to boost exports of flowers, fruits and vegetables these products shall be entitled to an additional duty credit scrip equivalent to 2.5% of FOB value of exports, over and above the 5%/3.5% entitlement under this scheme with effect from 1st April, 2008.

### Gems & Jewellery Sector

For exports from the Gems & Jewellery sector, which constitute a major share of our exports, measures undertaken were in terms of reduction of value addition norms based on upward price trend of the precious metal; extension of the facility of export of coloured gemstone on consignment basis; declaring Surat Hira Bourse as Port of export for jewellery; extension of time period for re-import of unsold branded jewellery to 365 days; raising the limit of value of Jewellery Parcel to US \$ 75,000; addition of a few new agencies/entities as nominated agencies for the purpose of direct import of precious metal, thereby allowing easy access of precious metal to the G & J exporters, free importability of “Worked Coral” etc.

### Duty Entitlement Passbook Scheme

To impart continuity and stability to our foreign trade regime, the Duty Entitlement Passbook (DEPB) Scheme has been extended till 31st December 2009. Supplies to SEZ developers and payment in Indian Rupees, which were not allowed the DEPB benefit, have now been allowed from retrospective effect. As an immediate relief from the impact of global economic slowdown, DEPB rates for 1267 items (out of 2135 items) which were reduced in November, 2008 have been retained at the old rates

with retrospective effect, irrespective of reduction in custom tariff. In addition, the DEPB rates for 26 items have been increased.

### **Service Tax Refund**

The Government has already announced refund of service tax for almost all prime services, which are directly related to export production and supply. For one point clarity on the refund of Service Tax, specific policy circulars have been issued by the DGFT and the Department of Revenue. A few pending issues regarding refund of service tax have also been resolved recently.

### **Duty Free Import Authorization Scheme (DFIA)**

For facilitating transferability on pro-rata entitlement on the basis of part realization, split-up facility has been introduced for Duty Free Import Authorizations (DFIA). Further, to facilitate utilization of DFIA's issued during 2006-07 which would have remained unutilized due to delay in clearance and clarification by the custom authorities, all such DFIA's have been allowed revalidation for 12 months, 6 months at a time, from the date of expiry of its validity.

### **Export Promotion Capital Goods (EPCG) Scheme**

The Scheme was initially introduced in the Import and Export Policy 1990-93 with import facility of Capital Goods at a concessional rate of Customs duty @ 25%. The Scheme has since undergone many changes. To encourage exports from the tiny and cottage sector, the export obligation period has now been raised to 12 years. The scheme also requires the Service Sector to maintain the level of exports to avail benefits under new EPCG scheme. Import of spares, tools, spare refractory is also allowed under this scheme for existing imported

plant and machinery which were not imported under EPCG cover. In order to facilitate augmentation of imports under the Scheme, the concessional rate of duty has been reduced to 3% as against 5% during the previous year.

### **Export Oriented Units (EOUs)/ Electronic Hardware Technology Park (EHTP)/ Software Technology Park (STP)/ Biotechnology Park (BTP)**

The Government has increased the cap on Domestic Tariff Area (DTA) sale of instant tea from 20% of FOB value of exports to 30%. The Board of Approval (BOA) has been empowered to extend the block period of five years for calculation of Net Foreign Exchange (NFE) suitably, whenever due to prohibition/restriction, unit is unable to export and thus achieve positive NFE. Some conditions have been introduced in cases of subcontracting abroad. At the time of clearance of goods, the EOU/EHTP/BTP/STP shall declare the transaction value of finished goods, job work charges, value of intermediate goods, along with supporting documents like sale price contract/or invoice of finished goods, job work contract and the basis of arriving at the value of intermediate goods. EOU/EHTP/BTP/STP shall also ensure full repatriation of foreign exchange declared as the transaction value of the finished goods cleared from the sub-contractor's abroad.

### **Initiatives in the Plantation Sector**

Plantation crops have been the traditional exports of India providing employment to millions of workers. Ageing bushes/plants resulting in low productivity, high cost of production, low value addition, lack of strong build up of 'brand India' and volatility of international demand and prices are the major constraints facing this sector. Some of the major initiatives undertaken in this sector, during the year, to address these issues are:

- With a view to ensuring healthy growth and improved productivity of the tea gardens, Government has set up a Special Purpose Tea Fund. The objective is to cover 2.12 lakh hectare (ha) over a fifteen-year period. The major achievements during the year 2008-09 include replantation in 4020.20 ha., rejuvenation in 1553.27 ha. and irrigation and drainage in 4325.37 ha. Improving quality control, protecting IPRs and strengthening of marketing have been the other major thrust areas. The major achievements in this regard include:
  - Special attention has been given to implementation of ISO 3720 Standards and HACCP (Hazard Analysis & Critical Control Points).
  - DARJEELING word and logo marks have been registered in Taiwan as certifications marks.
  - DARJEELING word has been registered in Australia as certification mark.
  - Electronic auction has been introduced at all the six auction centres.
- A new Arabica plant variety called “Chandragiri” has been released during the year for commercial cultivation of coffee. Pure seed blocks (in 15 hectares) of new variety Chandragiri has been developed for the production of genuine seeds for distribution among the growers.
- An International Coffee Organization-Common Fund for Commodities (ICO-CFC) funded, Multi Country Project titled “Increasing the Resilience of Coffee Plants to Leaf Rust and Other Diseases” in India, Kenya, Uganda, Zimbabwe and Rwanda has been launched during the year.
- Under the Rubber Board, a Clean Development Management (CDM) Project has been finalized with the help of The Energy and Resources Institute, New Delhi to earn carbon credits under the Kyoto Protocol for the biomass gasifiers installed in the Technically Specified Rubber (TSR) factories.
- The Government had launched a Price Stabilisation Fund Scheme in April 2003 against the backdrop of decline in international and domestic prices of tea, coffee, rubber and tobacco causing distress to primary growers. The scheme aims to cover 3.42 lakh small growers (up to 2 ha landholding) in the initial phase against a total target of 12.77 lakh growers (up to 4 ha landholding). Until 31st March 2009, a total of 46,160 growers have been enrolled.
- A Personal Accident Insurance (PAI) Scheme having a cover of Rs.25,000/- for growers of tea, coffee, rubber and tobacco was started from 1.1.2005 and the premium @ Rs.9/- per grower was borne by the Price Stabilization Fund (PSF) Trust on behalf of the growers. The insurance cover has now been increased to Rs.1.00 lakh per person. The Scheme has also been extended to the spices sector (chillies, cardamom, ginger, pepper and turmeric) having plantations up to 4 hectares only. The Scheme would also cover the plantation workers engaged in these plantations irrespective of the size of the holdings. The premium of Rs.17 per annum per person is shared on 50:50 basis between the beneficiary and PSF Trust.
- The major initiatives undertaken during the year for the development of spices include:
  - Spices Board has set up Spices Park at Chhindwara, Madhya Pradesh under the ASIDE scheme.

- The Spices Board has introduced an electronic auction (e-Auction) system replacing traditional manual system for cardamom (small) in Kerala and Tamil Nadu which account for 80% of total production in the country.
- Under ASIDE scheme, a quality evaluation laboratory has been set up at Mumbai which commenced working from 25th June, 2008.

### Special Economic Zones (SEZs)

The SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006, providing for drastic simplification of procedures and for single window clearance on matters relating to Central as well as State Governments. The main objectives of the Act are generation of additional economic activity; promotion of exports of goods and services; promotion of investment from domestic and foreign sources; creation of employment opportunities and development of infrastructure facilities. The major achievements under the programme are:

- Upto 31.3.2009, 568 formal approvals have been granted for setting up of Special Economic Zones, out of which 291 SEZs have been notified and are in various stages of operation.
- An investment of Rs.98498 crore has been made upto 31.3.2009 since the SEZ Act, 2005 came into force since 10th February, 2006.
- SEZs provided direct employment to over 3.8 lakh persons as on 31.3.2009.
- The exports in 2008-09 from the SEZs have been to the tune of Rs.99689 crore which is an increase of 50 percent over the year 2007-08.

It has been a continuous endeavour of the Government to initiate necessary changes/

modifications in the Rules to take care of latest developments and emerging scenario. Some major amendments made to the SEZ Rules 2006 are:

- Prescribing minimum processing area for Multi Product SEZs and sector specific SEZs to be 50%;
- Prescribing minimum processing area for Free Trade Warehousing Zone (FTWZ);
- Providing for a lease period of not less than five years as against the earlier provision of lease period being co-terminus with the validity of Letter of Approval;
- Stipulating the upper limit of the area required for multi product SEZs at 5000 hectares, with the State Governments having the option to prescribe a lower limit;
- Housing facilities to be provided to the SEZ employees by the developer;
- Type of land to be mentioned in the application form of SEZ;
- Term “vacant land” defined for the propose of SEZs;
- Clubbing of contiguous existing notified Special Economic Zones notwithstanding that the total area of resultant Special Economic Zones exceeds 5000 hectares.

### Export Promotion Measures and Trade Facilitating Reforms

The Government has undertaken a series of export promotion measures during the year to ensure sustained export growth. Some of the important initiatives taken in this regard including specific measures undertaken for promoting exports from the North Eastern region during the year are:

- For the benefit of the exporters affected by global financial crisis, the use of National

Export Insurance Account (NEIA) funds upto Rs.350 crore has been allowed for the financial years 2008-09 and 2009-10;

- The insurance cover provided by the Export Credit Guarantee Corporation (ECGC) for the medium and small enterprises has been enhanced to 95% of export value;
- An amount of Rs 20 crore per year for three years has been earmarked to kick start infrastructure development at Land Custom Stations (LCSs). In the first phase seven LCSs viz Mahadipur (W.B.), Gojandanga (W.B.), Hilli (W.B.), Phulbari (W.B.), Borosora (Meghalaya), Ghasupara (Meghalaya) and Karimganj (Assam) are proposed to be taken under this scheme.
- To promote borer trade with China through Nathula, a border trade mart at the cost of Rs. 8.40 crore has been sanctioned.
- A Trade Centre at Guwahati for developing trade from North-East Region was inaugurated in February, 2009.
- One Agri Export Zone (AEZ) has been set up by Agricultural and Processed Food Products Export Development Authority (APEDA) in Sikkim to promote export oriented floriculture industry.
- The scheme for export of horticulture products in the North-East Region has been liberalized.

It is the constant endeavour of the Government to plan and carry out trade facilitating reforms on a sustained basis to ensure that the right type of environment for accelerated growth of international trade prevails. These efforts have been recognized internationally. According to the World Bank publication “Doing Business 2008”, India has been rated as the top reformer in the Trading Across Borders in 2006-07.

The major areas that require continued attention include simplification of procedures, streamlining of documentary requirements, accelerated implementation of Electronic Data Interchange (EDI) initiatives, improving infrastructure facilities to international standards and initiating necessary institutional and structural changes to achieve these. During the year, the ongoing reforms were further deepened and new initiatives undertaken to achieve this objective. The major initiatives in this regard include:

### **e-Trade Project**

The e-Trade Project aims to implement Electronic Data Interchange (EDI) for trade in various trade regulatory and trade facilitating agencies like Customs, Sea Ports, Airports, Directorate General of Foreign Trade (DGFT), Container Corporation of India (CONCOR), Export Promotion Organizations (EPO), Exporters, Importers, Agents and Banks. These agencies have established electronic interfaces amongst themselves as also with the trading community to facilitate electronic delivery of services. The objectives of this project are to facilitate electronic delivery of services on 24X7X365 basis; to simplify procedures; to provide 24 hour access to users with their partners; to make procedure transparent; to reduce the transaction cost and time and to introduce international standards and best practices. In view of speeding up the clearance process, web based systems along with electronic payments are introduced by above referred community partners. In order to ensure security and authentication in this electronic delivery system, digital signatures have been introduced.

### **e-Procurement**

e-Procurement has been integrated as computerized online comprehensive process covering the

identification of buyer requirements and requisition processing, soliciting and receiving bids of all sorts, negotiating and establishing contracts and processing overall purchases and also undertaking vendor registration and inspection of stores to ensure quality. DGS&D has implemented e-procurement for most identified rate contract items which is an important part of the 'Mission Mode Project' under the National e-Governance Plan (NEGP). DGS&D has created its own latest state of the art and cutting edge technological centre to support its in-house e-procurement activities for delivering services to the different Government Departments through the e-procurement portal. Major activities like online consultative committee meeting with the trade and indenters, framing of technical specifications, tender notices, tender document and award of Rate Contract has already been placed in the public domain through the e-procurement portal. This has resulted in bringing transparency in all business transactions. Electronic Payment system for office of Chief Controller of Accounts (CCA) is operational. The system of on-line bidding through e-tendering is also operational in DGS&D. With effect from 1st October 2008, all supply orders against the Rate Contract must be placed by Direct Demanding Officers online through the DGS&D website only ([www.dgsnd.gov.in](http://www.dgsnd.gov.in)). Over 12000 supply orders have been placed online through the DGS&D systems.

### **Online Services by Director General of Foreign Trade (DGFT)**

The Director General of Foreign Trade (DGFT) maintains a comprehensive website [www.dgft.gov.in](http://www.dgft.gov.in). The details of Foreign Trade Policy, Hand Book of Procedures, all important Notifications, Public Notices, Circulars, minutes, etc. are available on the website. Single online application form for all the schemes/ activities is also available on the website. Submission of applications for various

authorizations through EDI mode has been made compulsory in majority of schemes.

### **Use of Information and Communication Technology (ICT)**

Various ICT based systems, applications and packages have been developed and implemented by the Department to provide the necessary support for decision making, monitoring, analysis and e-governance. The Department's website (<http://commerce.nic.in>) is the major source of information dissemination and Government-to-Citizen (G2C) and Government-to-Business (G2B) interfaces for electronic delivery of services, trade facilitation and monitoring various applications. The website contains information on the various programmes/schemes being implemented by the Department. As part of e-governance initiatives taken by Government of India, an Executive Video Conference System (EVCS) has been installed in the chamber of Commerce Secretary, over NICNET connecting seventy four Secretaries to Government of India and all Chief Secretaries/ Administrators of States/UTs to facilitate consultations. A studio based video conference facility is also being setup in the Department to facilitate national and international video conferences.

### **Grievance Redressal Committee**

A Grievance Redressal Committee (GRC) headed by the Additional Secretary, Department of Commerce has been set up to handle grievances of exporters pertaining to any decision relating to Foreign Trade Policy. Grievance Committee functioning in DGFT may be approached in the first instance for redressal of the grievances. The petitioner may thereafter refer the matter to GRC if still aggrieved with the decision of the Grievance Committee of DGFT. During the period April 2008 – March 2009, the GRC met 7 times wherein 89

cases were considered and disposed off. Decisions of GRC are made available on the website of Department of Commerce.

### Assistance under MAI and MDA Schemes

During the year 2008-09, a total of 92 projects/studies were undertaken by various Export Promotion Organizations and other eligible bodies with the assistance provided under the Market Access Initiative (MAI) scheme. The approved outlay of Rs.50 crore was fully utilized during the year. To enable the Indian Missions abroad to better coordinate, synergize and facilitate our export promotion activities, the “Challenge Fund” was set up under the (MAI) scheme. Indian Missions would ‘bid’ for support from the “Challenge Fund” by submitting innovative export promotion project proposals, with priority for focused, specific projects with quantifiable/tangible results. The scheme provides for funding of upto 50 projects in a financial year within an expenditure ceiling of Rs.10.00 lakh per project. Under the Marketing Development Assistance (MDA) Scheme, a total of 373 export promotion activities were undertaken during the year 2008-09. The entire outlay of Rs.52.25 crore approved for the scheme for the year was fully utilized.

### Institutional Trade Facilitation

#### IIFT Centre at Kolkata

During 2006-07, the Government had approved a proposal for setting up a Centre of the Indian Institute of Foreign Trade (IIFT) at Kolkata. The Government of West Bengal has allotted 7 acre of land free of cost in the south Kolkata for the campus of the Centre. For the construction of the Kolkata campus, the Centre has since appointed an architect firm, a project management consultancy firm and a land developer. The actual construction

will start once the land development work is over. Meanwhile, the first batch of MBA students graduated from IIFT Centre at Kolkata in 2008.

### Footwear Design and Development Institute (FDDI)

In order to bridge the huge gap between the demand and supply of qualified trained manpower in the footwear and leather product industry at all levels and to make the Indian industry globally competitive by providing qualified manpower and other value added support, the Government of India has approved the establishment of ‘Footwear Design & Development Institute’ at Fursatganj, Rae Bareilly (UP). The Institute is planned with a capacity of 1000 students. The courses planned for the academic year 2008-09 were started as per schedule. The government has also approved establishment of three full fledged new campuses of FDDI during the 11th Five Year Plan in the states of Tamil Nadu, Haryana, and West Bengal with a budgetary support Rs.96.69 crore from Government of India. Besides, one training centre is also envisaged to be set up at Chindwara, Madhya Pradesh with a budgetary support of Rs.24.85 crore during 11th Plan. The process of setting up of all these campuses of FDDI is in progress.

### International Trade Negotiations and Agreements

The Department of Commerce also engages in trade negotiations and agreements at multilateral, regional and bilateral levels. It interacts with international agencies such as the World Trade Organization (WTO), the United National Conference on Trade & Development (UNCTAD), the Economic and Social Commission for Asia and Pacific (ESCAP) as well as individual countries or group of countries on a wide range of issues including tariff and non-tariff barriers, international commodity agreements,

preferential/ free trade arrangements, investment matters, etc. Some of the major initiatives taken by the Government during the year towards evolving improved trading relations at the bilateral, regional and multilateral levels are:

### **WTO Negotiations-Doha Round**

The negotiating mandate of the Doha Round is contained in the Doha Ministerial Declaration of 14 November 2001, elaborated and complemented by the General Council Decision of August, 2004 (the 'July Framework') and the Hong Kong Ministerial Declaration of 18 December 2005. At Hong Kong, the Trade Ministers of the WTO Members had resolved to complete the negotiations in 2006, within interim timelines for establishing modalities across all areas. However, the negotiations were suspended on 24th July 2006 as the gaps in the positions of WTO Members were too wide, particularly in respect of market access and domestic support issues in agriculture. The negotiations resumed on 7th February 2007 and continued through 2007 and 2008, with only a brief pause after the breakdown of the Ministerial level talks in July, 2008.

The Chairs of the Negotiating Groups on Agriculture and Non-Agricultural Market Access (NAMA), brought out Draft Modalities on Agriculture and NAMA on 17th July 2007. Thereafter, based on multilateral discussions, further revised versions were brought out on 8th February 2008, 19th May 2008, 10th July 2008 and the fourth revision was issued on 6th December 2008. These drafts are available on the WTO website ([www.wto.org](http://www.wto.org)).

A mini-Ministerial meeting attended by about 30 trade ministers was held from 21st to 29th July 2008 in the WTO to discuss the modalities in Agriculture and NAMA. Simultaneously, a meeting on Services trade (a "signaling conference) was

also held. The draft modalities texts of 10th July 2008 and subsequent proposals brought out by the Director General of the WTO on 25th July 2008 formed the basis of discussion.

The impression sought to be conveyed by some of the developed countries and large sections of the international media is that almost all issues were successfully dealt with and that the talks broke down on the issue of the Special Safeguard Mechanism (SSM) for developing countries in the agriculture negotiations. However, the fact is that in general, while Ministers were amenable to moving towards an agreement on several complex issues in both Agriculture and NAMA, there were many issues which either could not be discussed at all or on which agreement could not be reached on account of persisting differences.

Throughout the negotiations the consistent stand taken has been that while India would be constructive and reasonable, there could be no compromise on its core areas of concern, especially those relating to the livelihoods of millions of India's poor and subsistence farmers and the protection of India's infant and vulnerable industries.

Multilateral discussions resumed at the WTO in October 2008. Director General (DG), WTO had planned to hold another Ministerial meeting in December 2008, but subsequently decided against it as gaps in position of members on several issues were still too wide. The DG, WTO has proposed the resumption of work in the Negotiating Groups in the early part of 2009, using the revised draft modalities for Agriculture and NAMA issued on 6th December 2008 as a starting point.

DG, WTO has also announced that the Chairs of other Negotiating Groups will proceed with their work. The Chair of the Negotiating Group on Rules (NGR) has resumed negotiations in the

area of Anti-Dumping and Subsidies Agreements including fisheries subsidies by convening meetings in February 2009.

### **Engagements with ASEAN and South-East Asian Countries**

In order to address the economic content of the 'Look East Policy', a continuous dialogue is maintained with ASEAN and the countries of South-East Asia. Summit level engagements, Ministerial meetings and official level discussions are held in order to fulfill the 'Look East Policy' agenda.

During the year 2008-09, Commerce and Industry Minister and the Minister of State for Commerce and Industry held discussions with a number of visiting ASEAN and East Asian dignitaries. These interactions provided useful directions for addressing the various issues involved in enhancement of trade and investment relations.

Negotiations under the Comprehensive Economic Cooperation Agreement (CECA) with ASEAN for the Agreement on Trade in Goods between India and ASEAN have been concluded and it is likely to be signed in the second half of 2009.

Negotiations under the CECA between India and Malaysia commenced in 2008 and are likely to be completed by end-2009. CECA would be negotiated as a single undertaking including agreements on trade in goods, services, investment and other areas of cooperation.

A joint feasibility study for finalizing a CECA between India and Indonesia was set up in 2007. The Joint Study Group is expected to submit its Report in August 2009.

### **India - Korea CEPA Negotiations**

A Joint Task Force was constituted to negotiate a Comprehensive Economic Partnership

Agreement (CEPA) between the two countries. The negotiations were concluded in the twelfth meeting of India-Korea Joint Task Force (JTF) held during September 22-25, 2008 in Seoul. The text of India-Korea CEPA was signed by leaders of the two delegations on February 9, 2009. The matter is pending for approval before the Cabinet.

### **India - Japan EPA/CEPA Negotiations**

During the visit of the Prime Minister Dr. Manmohan Singh to Japan in December 2006, it was decided to launch negotiations for conducting an Economic Partnership Agreement/Comprehensive Economic Partnership Agreement (EPA/CEPA) with Japan. A JTF has been constituted for this purpose with Deputy Minister of Foreign Affairs, Japan, and the Commerce Secretary, Government of India as Chief delegates. So far, eleven meetings of the JTF have taken place. JTF has finalized the modalities for tariff liberalization for trade in goods. Negotiations on Services, Investment, Intellectual Property Rights (IPRs), Sanitary and Phyto-Sanitary Measures (SPS) & Technical Barriers to Trade (TBT) issues are progressing.

### **India-China Joint Task Force (JTF) for RTA Feasibility**

A Joint Task Force (JTF) of India and China was constituted to study the feasibility of and the benefits that may derive from a possible China-India Regional Trading Arrangement (RTA). The JTF finalized its report in its sixth meeting held on 21st and 22nd October, 2007. The Prime Minister visited China during 13-15 January, 2008 and discussed the findings of this report with the Chinese Prime Minister. Both the PMs decided to refer the report for consideration by the Joint Economic Group (JEG) headed by the Trade and Commerce Ministers of the two countries.

## India-Nepal Bilateral Trade Agreement

The current Treaty of Trade signed by India and Nepal was renewed for a further period of five years with effect from 6.3.2007 till 5.3.2012. Under this Treaty, both countries give each other duty-free facility without any quantity restriction for primary products which do not require any value addition. On a non-reciprocal basis, India gives duty-free facility, without any quantity restriction, to goods manufactured in Nepal subject to fulfilling the prescribed twin criteria of 30 per cent value addition and four -digit tariff head change. However, duty-free facility is restricted to annual quotas on four sensitive items from Nepal, namely, Vanaspati, Copper Products, Acrylic Yarn and Zinc Oxide. Both countries are in advanced stage of negotiations on making some amendments in the Treaty of Trade so as to streamline the export and import procedures for effectively carrying out the trade under the Treaty. Now, both countries are negotiating a Revised Treaty of Trade and Agreements on Cooperation to control unauthorized trade.

## Negotiations between India and Pakistan

India and Pakistan have no formal trade agreement. India has granted Most Favoured Nation (MFN) status to Pakistan but Pakistan is yet to reciprocate. Pakistan maintains a list of importable items from India, called Positive List, as notified from time to time. The present Positive List consists of 1938 items. Both countries have set up a Joint Study Group (JSG) at the level of Commerce Secretary for adopting a strategy to boost trade and economic cooperation between the two countries.

Apart from JSG, Commerce Secretary-level discussions on trade and economic cooperation are held within the framework of Composite Dialogue between the two countries. Both countries have

also started LOC trade between J&K and Pakistan occupied Kashmir.

## India-US Trade Policy Forum

The establishment of the India-US Trade Policy Forum (TPF) announced during the visit of Prime Minister Dr. Manmohan Singh to the United States in July, 2005 is a part of the overall economic dialogue between India and the United States and is designed to expand bilateral trade and investment relations between India and the United States. TPF is co-chaired by the Minister of Commerce & Industry and the United States Trade Representative. Discussions under the TPF are structured around five focus groups viz. – (i) Tariff and Non-Tariff Barriers (ii) Agriculture (iii) Investment (iv) Services and (v) Intellectual Property. The fifth Ministerial level meeting of India-USA Trade Policy Forum took place on 19 February, 2008 at Chicago, USA. A range of issues were discussed including the Social Security Agreement and Bilateral Investment Treaty between the two countries and providing market access for items of interest to both sides. An India-US Small and Medium Enterprises business meet was also organised in conjunction with the TPF meeting.

## MOU between India and Mexico

A Memorandum of Understanding (MOU) was signed between India and Mexico on 21 May, 2007 at New Delhi by Minister of Commerce and Industry and Minister of Economy, Mexico for the establishment of a Bilateral High Level Group (BHLG) on Trade, Investment and Economic Cooperation. This MOU envisages that BHLG shall meet once a year alternately in each country. The functions of the BHLG mainly include promoting bilateral cooperation, maintaining liaison in the economic, commercial, technical and other related fields and information exchange. Under BHLG six

Working Groups have been set up viz. – (i) Trade Promotion (ii) Investment Promotion (including infrastructure) (iii) Custom Cooperation (iv) Services Promotion (v) Tourism Promotion and (vi) Industrial dialogue with private sector participation in the Chemical-Pharma, Textiles and Bio-fuels sectors.

### **India-EU Trade and Investment Agreement**

The India-EU negotiations on a broad based Trade and Investment Agreement (BTIA) which commenced in June, 2007 continued during the year. Six rounds of negotiations have been held so far (the fifth and sixth rounds were held in Brussels and New Delhi in September, 2008 and March, 2009 respectively). Both sides have engaged in substantial discussions on Trade in Goods, Rules of Origin, Sanitary and Phytosanitary Measures and Technical Barriers to Trade, Trade in Services, Investment, Dispute Settlement, Intellectual Property Rights, Trade Facilitation and Competition. These discussions have enabled a clearer picture emerging on areas of convergence and on sensitivities of both sides emerges.

In order to strengthen the trade and investment relations with European Free Trade Association (EFTA) countries comprising Switzerland, Liechtenstein, Norway and Iceland (non-EU member countries in Europe), an India- (EFTA) Joint Study Group (JSG) was established in December, 2006 to take a comprehensive view of bilateral economic linkages between India and EFTA, covering among others, trade in goods and services, investment flows, and other areas of economic cooperation and to examine the feasibility of a bilateral broad based trade and investment agreement. JSG recommended commencement of negotiations for a broad based Bilateral Trade and Investment Agreement. Based on this recommendation, negotiations commenced

in October, 2008. Three rounds of negotiations have been held so far. The last one was held in February, 2009.

### **India-SACU PTA**

The Southern African Customs Union (SACU), the oldest Custom Union of the world, comprises of South Africa, Lesotho, Swaziland, Botswana and Namibia. India and SACU have expressed their intent to enter into a Preferential Trade Agreement (PTA) with the aim of promoting expansion of trade between the two parties and providing a mechanism to negotiate and conclude a comprehensive Free Trade Agreement within a reasonable time. India and SACU have commenced negotiations for PTA in October, 2007 and three meetings of the negotiating teams have taken place so far. India and SACU signed a Memorandum of Understanding, an enabling instrument to facilitate negotiations, during the third round of negotiations held in New Delhi on 25th – 27th November 2008.

### **SAARC Summit**

The SAARC Committee on Economic Cooperation (CEC), headed by Commerce Secretaries of SAARC countries established in 1991, has been deliberating upon measures to be taken to promote commercial and economic interaction within the region. The fourteenth meeting of the CEC was held on 10-11 February, 2009 in New Delhi.

The South Asian Free Trade Agreement (SAFTA) members are currently negotiating for inclusion of Trade in Services also within the purview of SAFTA. A draft Framework Agreement in this regard was prepared by India which is now under discussion by an Expert Group with representatives from all the SAFTA members. The second meeting of the Expert Group is scheduled to be held on 21-22 May, 2009 at SAARC Secretariat in Kathmandu, Nepal.

## Asia Pacific Trade Agreement (APTA)

The Asia-Pacific Trade Agreement (APTA), signed in 1975 in Beijing, is a preferential tariff arrangement that aims at promoting intra-regional trade through exchange of mutually agreed concessions by member countries. APTA has six members namely Bangladesh, China, India, Republic of Korea, Lao People's Democratic Republic and Sri Lanka. Economic and Social Commission for Asia and Pacific (ESCAP) functions as the secretariat for the Agreement.

The Second Ministerial Council Meeting of APTA was held in Goa on 26th October 2007. The Ministerial Council adopted, through the Ministerial Declaration, a common set of "Operational Procedures for the Certification and Verification of the Origin of Goods under the Asia-Pacific Trade Agreement". To move forward the 4th Round of Negotiations, the 32nd Session of the Standing Committee were held on 27th-29th May 2009 in Bangkok, Thailand.

## Economic and Social Commission for Asia and the Pacific (ESCAP)

India is one of the founding members of ESCAP which serves as the main economic and social development center for the United Nations in Asia and the Pacific. ESCAP provides the strategic link between global and country-level programmes and issues. It supports Governments of the region in consolidating regional positions and advocates regional approaches to meet the region's unique socio-economic challenges in a globalizing world.

The 64th Annual Session of ESCAP was held in Bangkok, Thailand from 24 – 30 April, 2008. The theme topic for the Session was "Energy Security

and Sustainable Development in Asia and the Pacific". India expressed its support to the proposed establishment of a \$ 1 million fund for undertaking various policy studies for implementation of the Asia-Pacific Sustainable Energy Security Framework. The 65th Annual Session of ESCAP was held at Bangkok, Thailand from 23rd April to 29th April 2009. The theme topic of the Session was "Sustainable Agriculture and Food Security in Asia and the Pacific".

## Duty Free Tariff Preference Scheme for LDCs

The Prime Minister announced this scheme on the occasion of the India Africa Forum Summit held in New Delhi on 8th April 2008. This Scheme is intended to provide duty free and preferential market access to 49 Least Developed Countries (LDCs) on 94 per cent of India's total tariff lines. The concessions would be implemented over 5 years in five equal installments. 15 LDCs namely, Benin, Burkina Faso, Cambodia, Gambia, Eritrea, Ethiopia, Lao PDR, Madagascar, Malawi, Mozambique, Myanmar, Rwanda, Samoa, Uganda and Tanzania have been notified as beneficiaries under the Scheme.

## Kimberly Process Certification Scheme (KPCS)

India assumed Chair of the Kimberley Process Certification Scheme (KPCS) for the period 1/1/2008 to 31/12/2008 and is sixth in succession to hold the Chair after South Africa, Canada, Russian Federation, Botswana and European Commission. India is one of the founding members of KPCS. As the Chairman of KPCS, India oversaw the implementation of the Scheme, operations of the Working Groups and Committees and the general administration of the Scheme.