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India

Country report for the evaluation of CBI's Export Coaching Programme 2005-2012

Final report, January 2015

Authors (commissioned by APE)

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1. Research questions and methodology

1.1 Introduction

This report presents the results of a qualitative impact evaluation of the Export Coaching Programmes (ECP) implemented between 2005 and 2012 in India by the Centre for the Promotion of Imports from Developing countries (CBI). It is complemented by similar case studies in Egypt, Colombia and South Africa as part of a broader evaluation of CBI by the Ministry of Foreign Affairs, Netherlands. Primary data was collected during interviews in two states of India, Gujarat and Maharashtra, over July-September 2014.

1.2 Scope

It should be noted that the ECP's were not the only programmes implemented in India by CBI in the given period. Next to direct support to Indian companies through the export coaching programmes, CBI also provided indirect support via their business support organisation development (BSOD) programmes. CBI has been collaborating with several public and private Trade Promotion Organisations (TPOs) in India, like the Automotive Component Manufacturers' Association of India (ACMA). However, largely due to time constraints, the study presented in this report focussed exclusively on the export coaching programmes.

1.3 Research objective and questions

Research objective

The objective of the evaluation is to assess independently the effectiveness of CBI's Export Coaching Programmes in India and the extent to which these programmes contributed to sustainable economic development.

Evaluation questions

The evaluation questions are centred on the relevance, effectiveness and efficiency of the export coaching programmes.

Regarding **relevance**:

1. *What are the key barriers to export for supported Indian companies and what barriers were addressed by the ECPs?*
2. *What inputs and services did the ECPs provide to companies in addition to what these companies could obtain on the market or from other institutions in India (i.e., what were the financial, operational and institutional additionality of the ECPs)?*

Regarding **effectiveness**:

3. *To what extent did participating companies increase exports to EU/EFTA and non-EU countries as a result of the export coaching programmes?*
 - a. *Which company types did benefit the most and which company types did not benefit?*
4. *To what extent did the ECPs contribute to sustainable economic development in India?*



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a. *What can be said in this respect about the choice of companies, and sectors?*

5. *To what extent did benefits continue after the ECPs were completed?*

1.4 Methodology

Methodology for assessing the relevance of the ECP

A context analysis based on a document review and interviews with a variety of stakeholders (companies, experts and local export promotion organizations) resulted in an understanding of the most important export barriers for Indian companies. By comparing this to the barriers addressed by the ECPs it is assessed whether the ECPs were relevant for Indian companies.

The same sources also provided information on what type of export assistance the market and the institutional environment in place was offering in the intervention period and to what extent companies had access to this assistance. To assess the additionality of the programmes we conducted a comparative analysis to judge whether the support offered by CBI was substituting, or complementing, existing service offerings.

Methodology for assessing the effectiveness of the ECP

A contribution analysis is conducted to draw conclusions on the extent to which the ECP contributed, together with other factors, to the observed changes.¹ We do this by considering, for each company, the following questions:

1. How did the export performance and number of employees of the company develop from a pre-ECP period to a year after the intervention to the current situation?
2. To what extent can observed outcomes be attributed to the intervention in question?
 - a. What internal factors, within the company or industry, not addressed by CBI, could have caused the observed change in export performance?
 - b. What contextual factors or external influences, political or economic trends, and parallel interventions or other stakeholder actions, are likely to have influenced outcomes?
 - c. What alternative causal hypotheses might there be for the observed outcomes?

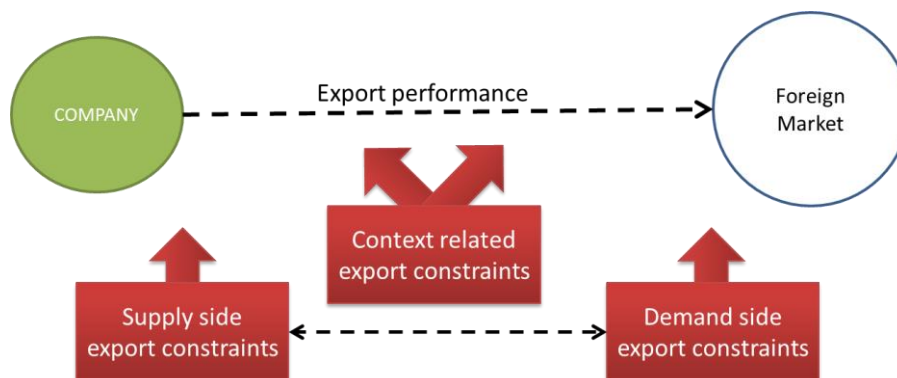
Simplified theory of change

As a first step in the contribution analysis (see Annexure 8 for contribution stories) a simple theory of change was developed (see Figure 1.1 for a schematic overview). The theory of change assumes that initially any company could be a flourishing exporter, except that certain constraints might prohibit this. It further assumes that if these constraints are – to some extent – relieved, by the ECP or by other external or internal factors, the company has a higher probability to increase its export turnover.

¹ See Mayne, John. 2011. "Contribution Analysis: Addressing Cause and Effect." *Evaluating the Complex: Attribution, Contribution, and beyond* 18: 53–96 and White, Howard, and Daniel Phillips. 2012. "Addressing Attribution of Cause and Effect in Small N Impact Evaluations: Towards an Integrated Framework."



Figure 1.1 Schematic overview of theory of change



Following IOB (2014), potential export constraints were summarized and categorized as follows.²

| Supply side constraints | Context related constraints | Demand side constraints |
|--|---|--|
| <ul style="list-style-type: none"> - Cost price level - Design quality - Product quality - Packaging - Parts and Raw Material Supply - Internal export organization/ capacity - Production capacity | <ul style="list-style-type: none"> - Trade Policy restrictions - Rate of Exchange - Currency convertibility - Import restrictions - Financing (of export transactions) - Shipping delays and costs - Communication with foreign markets/buyers | <ul style="list-style-type: none"> - Market entry - Customer needs and preferences - Demand changes and trends - Market size and growth - Market access (tariff and non-tariff barriers) - Insufficient demand |

Exports are materialized when the supply of the company meets the demand in the foreign market. Therefore, export constraints on the demand and supply side are related. For instance, the packaging of a product (a supply side factor) can only be considered to be constraining export performance when it does not meet the needs and preferences of customers on the demand side.

Supply side constraints are not entirely under the direct control of companies. For instance, while the cost price of a product is very closely related to the organization of production (e.g. economies of scale and the level of mechanization), factors outside the company’s sphere of influence also have an impact, such as the labour standards it has to adhere to. Demand side barriers on the other hand are exogenous to the company. The company can potentially overcome these barriers by adapting itself and/or by committing more resources. For

² Owing to time constraints (as this study had to act as a pilot for the other three case studies), the theory of change could not be based on an extensive literature review.



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instance, a company cannot reduce the certification requirements for accessing a foreign market, but can get its products certified; and although market entry in Europe is difficult and costly, a company can decide to commit resources to participate in a trade fair. Context related export constraints are different in this respect as these are considered more difficult to overcome. Context related factors include, for instance, the transportation costs which can be substantial from India to Europe.

Contribution analysis

Semi-structured interviews with a sample of CBI supported companies were conducted in which the companies were asked about the initial export constraints they were facing before they came into contact with the ECP. Constraints that were not brought up by the companies themselves were prompted by the interviewer. For example, if the factor of cost price was not brought up, the interviewer would ask whether the company thought clients in the EU and other foreign markets are willing to pay the price for which they could offer their products. For each of the identified constraints the company is then asked how these obstacles had developed since the start of the intervention. Based on that, an assessment has been made by IDF to what extent the ECPs have contributed to these developments.

The answers were then recorded in a sheet using the following structure.

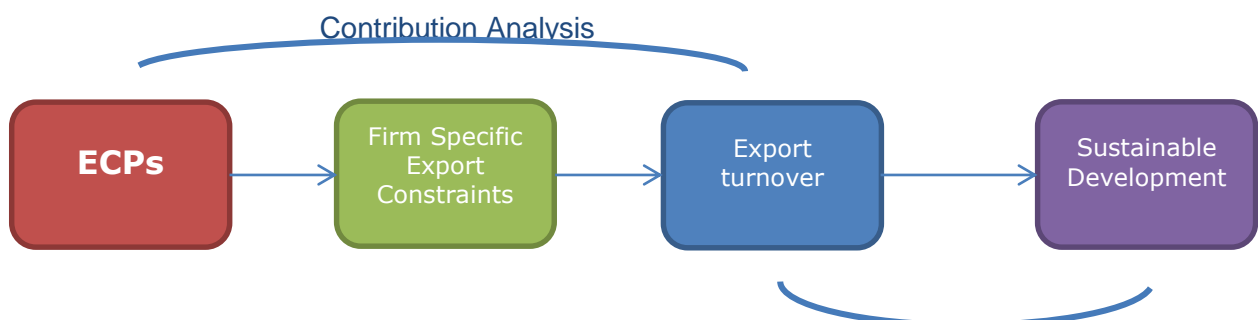
- Was [determinant] an export constraint before [year ECP started]? (Typically, the respondent was asked to list the top five hurdles.)
- How did [determinant] develop since then? (strongly improved = “++”, improved = “+”, did not develop = “=”, worsened = “-“)
- Did CBI contribute to this development? (On a scale from 1 to 4, 1= no contribution and 4= full or crucial contribution)

Based on this it can be assessed, for each company, to what extent the observed changes in export performance can be attributed to the ECP on a scale of 1 to 4 (1= low contribution; 4= full attribution). If the most important constraints were relieved by the help of the ECP, a score of 3 or 4 is assigned, while if many of the important constraints were overcome or lifted by other factors (such as a manager’s own insight and initiative, or a change in context) a lower score is assigned. Next to this quantification of findings, a contribution story is drafted for each company, which offers an explanation that should correspond with these scores.

Methodology for assessing the impact on sustainable economic development

Once we know to what extent the Export Coaching Programmes contributed to increased export turnover of assisted companies, we can try to assess the impact of the ECPs on sustainable economic development in India. The approach is illustrated in Figure 1.2 below.

Figure 1.2 Methodological overview





For simplicity we define sustainable development as a combination of economic growth and creation of jobs. The gross domestic product can be defined as the sum of consumption, investment, government expenditure and net exports. This implies that only the percentage of additional export turnover of which the value is added in India increases the GDP. For this, assisted companies were asked to give an indication on the percentage of inputs that are imported for their products.³ Moreover, only when the additional export turnover is not realised at the expense of another company in India (or any developing country, i.e., when no substitution effects exist) can we honestly claim that the additional exports contributed to sustainable economic development.

In addition to the effects on economic growth, we also assess the effects of the ECP on employment creation by conducting a contribution analysis as specified in the previous paragraph.

Selection of case study companies

Out of the 171 Indian companies that started and completed their participation in an ECP between 2005 and 2012, 21 companies were selected to be included as case studies.⁴ The selection process prioritised companies, which according to CBI did realise export turnover to the EU during the intervention. A second criterion was the full coverage of thirteen major ECPs that were implemented between 2005 and 2012. From the set of companies where the ECP assistance ended prematurely, a set of 5 companies were selected. A third set of 'counterfactual' companies, companies comparable to the participants but who did not participate in any of the ECPs, was also selected. This set has 4 companies (though the target was 8).⁵ Their names were asked from, and provided by, the participants interviewed so as to ensure that the counterfactual companies were comparable to them. In all, the target was 32 companies but 30 companies were interviewed.⁶

Finally, in order to have a degree of representativeness in a country as vast as India, two major industrial states with relatively stronger SME sectors – Gujarat and Maharashtra – are selected. A regional spread would have been ideal, especially given India's internal diversity. However, the scope of the study in terms of both the number of interviews and the time frame did not permit a wider regional spread. Companies were visited in the main business areas of these two states: Ahmedabad, Anand and Vadodra in Gujarat and, Mumbai and Pune in Maharashtra.

Data collection

The data collection is mainly based on two methods: interviews, including gathering of quantitative data, and document review.

³ Note that this is an imperfect indicator of the percentage of value added in India, as this indicator misses out any imported inputs for semi-finished products.

⁴ Besides these 21 companies, 5 additional companies were also interviewed but they were not included in the study because they were not from the states selected for the study – Gujarat/Maharashtra. These additional interviews were done at the request of visiting members of APE and Ministry of Foreign Affairs, The Netherlands (see Annexure 3 for details).

⁵ The names of these comparable companies were obtained from the participating companies. They did not have the incentive to participate in the evaluation and, hence, all but these 4 declined an interview.

⁶ All the 30 companies are in the states of Gujarat and Maharashtra. The policy regimes in these states are similar and both are pro-industry. The similarity of the policy regimes in both states allowed us to focus on the contribution of the ECPs by controlling for the policy regime within which the companies operated.



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Companies (CBI assisted and non-assisted) have been interviewed individually on location, in which use was made of a semi-structured questionnaire. Each interview has been prepared by summarising the CBI dossier information in company fiches. The interviews focused on the effectiveness and additionality of the CBI activities. Moreover, the interviews were used to verify and collect additional information on the outcome indicators (such as export values and employment). Apart from that, interviews have been held with publicly financed Trade Promotion Organisations as well as The Netherlands Embassy in India.

1.5 Reading guide

The report continues with a context analysis, describing socio-economic developments and export development constraints encountered, as well as the institutional framework for export development in place (Section 2). The implementation of the ECP in India in the period 2005-2012 and assessment of the relevance and additionality of the program are discussed in Section 3. The program effects and developmental relevance are part of Section 4. The findings of the program are briefly discussed in Section 5. The report concludes with the answers on the main evaluation questions (Section 6).



2. Context analysis

2.1 Introduction

In order to better understand the environment and context in which technical assistance by CBI has been delivered in India, this section gives an overview of the Indian economy since India's independence in 1947. Section 2.2 gives a brief overview of the socio-economic characteristics of India, especially for the micro, small and medium enterprises (MSMEs). Section 2.3 moves on to explain the export policies, again with special emphasis on the MSME sector. Since Indian states are quite heterogeneous in terms of almost everything including the economic development and policies, while preparing this report only companies that were given assistance by CBI in Gujarat and Maharashtra (two leading industrial states) were taken into account. Hence section 2.4 talks about the MSME sector in Gujarat and Maharashtra. Section 2.5 discusses the business development measures taken by the central and state governments. It also gives an overview of the structural problems and constraints faced in doing business and exporting.

2.2 Socio-Economic Context

After her independence in 1947 from the British, India was a mixed economy with inward looking, centrally planned, interventionist policies and import-substituting economic model. Domestic policy tended towards protectionism, a large government run public sector and business regulation. Five-Year Plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, telecommunications, insurance, and power plants, among other industries, were effectively nationalised in the mid-1950s. There were hardly any manufacturing facilities to suffice the needs of the growing Indian population. The annual growth rate of the economy of India was stagnant at 3.5% from the 1950s to 1980s, while per capita income growth averaged extremely low 1.3% a year.⁷

After a fiscal crisis in 1991, India liberalized its economy, both internally and externally. The reforms reduced tariffs and interest rates and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors. India enjoyed high growth rates for a period from 2003 to 2007 with growth averaging 9% during this period.⁸ Growth then moderated due to the global financial crisis starting in 2008.

Starting in 2012, India entered a period of more anaemic growth, with growth slowing down to 4.4%. Other economic problems also became apparent: a plunging Indian rupee, a persistent high current account deficit and slow industrial growth.

⁷ <http://www.iimb.ernet.in/research/sites/default/files/WP%20No.%20363.pdf>

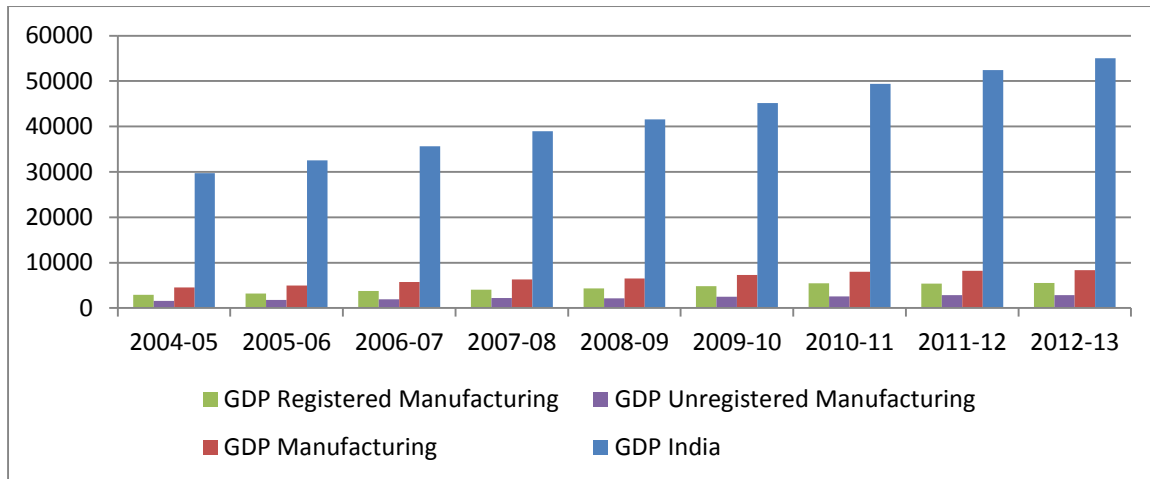
⁸ <http://www.iimb.ernet.in/research/sites/default/files/WP%20No.%20363.pdf>



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Figure 2.1 below shows the contribution of the manufacturing sector in the GDP from 2004 to 2013.⁹

Figure 2.1: GDP and Manufacturing GDP¹⁰



Source: MOSPI, RBI; Unit: INR Billion (Refer to Table 1.1 of Annexure 1)

In recent times, the MSME¹¹ sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.¹²

Small industries had incentives to remain small, as certain sectors had been exclusively reserved for them post-Independence. Being protected, there was little fear of competition and minimal need to grow and realize economies of scale. In the eighties, medium and large firms were allowed to invest in industries reserved for the small-scale sectors (on the

⁹ Registered Enterprises refer to the units registered under Sections 2m (i) and 2m (ii) of the Factories Act, 1948, or under the Bidi and Cigar Workers (Condition of Employment) Act, 1966 (see Annexure 2 for a complete definition). We are focusing on manufacturing since the CBI companies visited by the investigating team were in manufacturing and Gujarat and Maharashtra are two of the three most active MSME states (the other being Tamilnadu). Also, manufacturing did not increase as much as, say, the services sector, and this has been a major reason for the slowing down of growth in recent years, as well as the lack in growth of employment.

¹⁰ GDP at Factor Cost, Constant Prices with Base Year 2004-05

¹¹ India uses the following definitions:

(a) Micro Enterprise: investment in plant and machinery does not exceed Rs 2.5 million;

(b) Small enterprise, if investment in plant and machinery is more than Rs 2.5 million rupees but does not exceed Rs 50 million; and

(c) Medium enterprise, if investment in plant and machinery is more than Rs 50 million but does not exceed Rs 100 million (Refer to Annexure 2 for formal definitions)

¹² Office of the Economic Advisor, Ministry of Industry, 2005



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condition that 75 % of their output would be exported) and this provided an impetus for the Indian MSME to grow, including expanding their exports.

As per the Government of MSME Annual Report 2012-13, the sector was estimated to employ about 101.26 million persons in over 44.77 million enterprises throughout the country.¹³ There are over 6,000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. Of the total registered enterprises, the proportion of micro, small and medium enterprises are 94.94%, 4.89% and 0.17%, respectively. This comprises of 67.10% manufacturing enterprises and 32.90% service enterprises. About 45.23% of the enterprises are located in rural areas. While in India, MSMEs are categorized by the amount of investment in plant and machinery (see footnote 11), in many other countries, enterprises are categorized by employment. The average employment in a registered micro enterprise in India is 4.4, for small it is 30.62 and for medium it is 160.87.¹⁴ The estimated numbers of enterprises and employment have increased at an annual compound growth rate of 28.02% and 26.42% respectively, during the period 2001-02 to 2006-07. Table 2.1 below shows that the growth of MSMEs has systematically stayed ahead of the overall industrial growth.

Table 2.1: Growth of Micro, Small and Medium Enterprises in India ¹⁵

| Year | Percentage Growth Rate of MSME Sector | Percentage Growth Rate of Industrial Sector |
|--------------------------|---------------------------------------|---|
| 1996-97 | 11.32 | 6.08 |
| 1997-98 | 8.43 | 6.65 |
| 1998-99 | 7.70 | 4.09 |
| 1999-00 | 8.16 | 6.68 |
| 2000-01 | 8.23 | 4.97 |
| 2001-02 | 6.08 | 2.71 |
| 2002-03 | 8.68 | 5.70 |
| 2003-04 | 9.64 | 6.90 |
| 2004-05 | 10.88 | 8.40 |
| 2005-06 | 12.32 | 8.10 |
| 2006-07 | 12.60 | 11.51 |
| 2007-08(P) ¹⁶ | 13.00 | 8.00 |

Source: MSME Annual Report 2011-12

¹³ Refer to Table 1.3 of Annexure 1

¹⁴ Fourth All India Census of Micro, Small & Medium Enterprises (for the Registered Sector), www.fisme.org.in/document/FinalReport010711.pdf. There are no medium enterprises in the unregistered sector and 99.83% are micro enterprises with an average employment of 2.04. (The 0.17% small enterprises have an average employment of 9.60 <http://www.dcmsme.gov.in/publications/Final%20Report%20of%20Fourth%20All%20India%20Census%20of%20MSME%20Unregistered%20Sector%202006-07.pdf>).

¹⁵ On the basis of registered sector only

¹⁶ The Fourth All India Census of Micro, Small & Medium Enterprises (for the Registered Sector), www.fisme.org.in/document/FinalReport010711.pdf is the last published data provided by the MSME ministry, which has data till 2006-07. So at many places this is the last year for which data is available (where more data was available it has been included along with the source).



2.3 Development of Indian Exports

During the first four decades of the post-independence era India continued to remain an underperformer in world export markets, relative to both her own potential and the performance of many other developing countries. Domestic economic policies, rather than external demand conditions, were largely to be blamed for the poor export performance. The inflexibilities created by the pervasive controls on domestic manufacturing handicapped the ability of firms to penetrate export markets. India's merchandise exports grew at an annual rate of about 5% in the first three decades of post-independent period whereas world export was expanding at an annual rate of over 10%. Consequently India's share of world non-oil exports fell persistently from 2.3% in the 1950s to 0.6% in the 1970s and 0.9% in early 2000s. Moreover India's share in total manufacturing exports from developing countries plummeted from 10.2% in the 1960s to 2.6% in the 1980s to 2.5 % in early 2000s.¹⁷

Post 1991 (when the liberalisation and globalisation reforms were introduced), India's export performance has fluctuated. The East Asian Crisis of 1997 had a serious impact on India's exports and, for the first time after liberalisation, exports registered a negative growth of 2.33%.¹⁸ The situation worsened the ASEAN countries devalued their currencies during the crisis; this adversely affected India's exports of textiles and electronics as India competed with ASEAN in these products. The next major setback for India's exports was the global crisis of 2008. Exports registered a negative growth rate of 2.9% in 2008-09.¹⁹

Even though the export sector plays a significant role in the domestic economy by contributing close to 25% to India's GDP (in 2009), its contribution to world exports continues to remain minimal, at a mere 1.5% of world exports in 2009.²⁰

Figure 2.2 below gives total exports from India and exports from India to EU from 2000 to 2013.

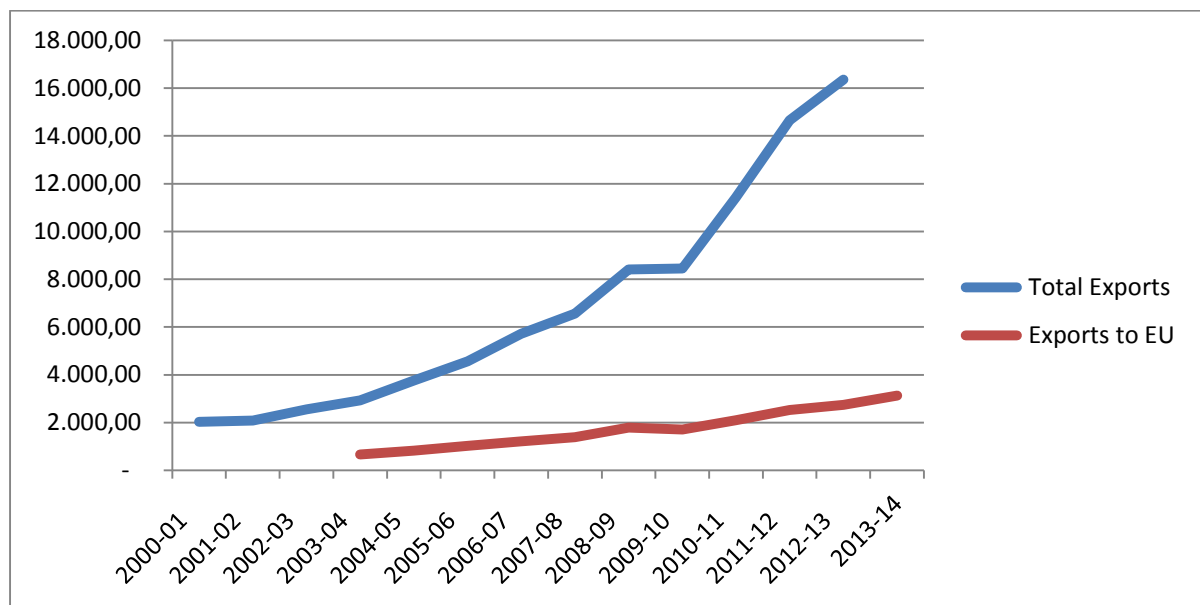
¹⁷ Source- IMF, International Financial Statistics database and UN, Com Trade database

¹⁸ World Bank Data- World Development Indicators

¹⁹ Economic Survey of India, Ministry of Finance, 2001-02

²⁰ United Nations (UN) Comtrade database

Figure 2.2: Exports to EU- Basic Trends



Source: RBI, Directorate General of Commercial Intelligence and Statistics; Unit: INR Billion; (Refer to Table 1.4 of Annexure 1)

2.4 Gujarat and Maharashtra MSME Sector

Gujarat and Maharashtra both are amongst the fastest growing states in India. Both have been the leader on industrial front of India based on strong infrastructure that includes roads, airports, railways, ports, telecom and power. The favourable economic policies of the states boosted business and economy, making them the country's leading industrial states with a strong MSME sector.

Table 2.2: Summary of Gujarat and Maharashtra MSME Sector in 2006-07²¹

| State | Enterprises (In million) | Employment (In million) | Market Value of Fixed Assets (Rs. in million) | Gross Output (Rs. in million) |
|-------------|--------------------------|-------------------------|---|-------------------------------|
| Maharashtra | 1.53 | 3.56 | 679,412 | 1,268,646 |
| Gujarat | 1.53 | 3.44 | 1,667,537 | 553,069 |
| India | 21.44 | 50.19 | 6,899,549 | 10,772,129 |

²¹ Maharashtra has a lower asset value but a larger output value that are significantly reversed for Gujarat. This requires a closer examination; however, this can only be explained if one can look closer into the sectorial and state data. One possible reason for the large difference in asset value could be the hugely different land prices in cities in Maharashtra and Gujarat. On the other hand, the difference in output values could be due to the different sectorial composition of MSMEs in the two states.

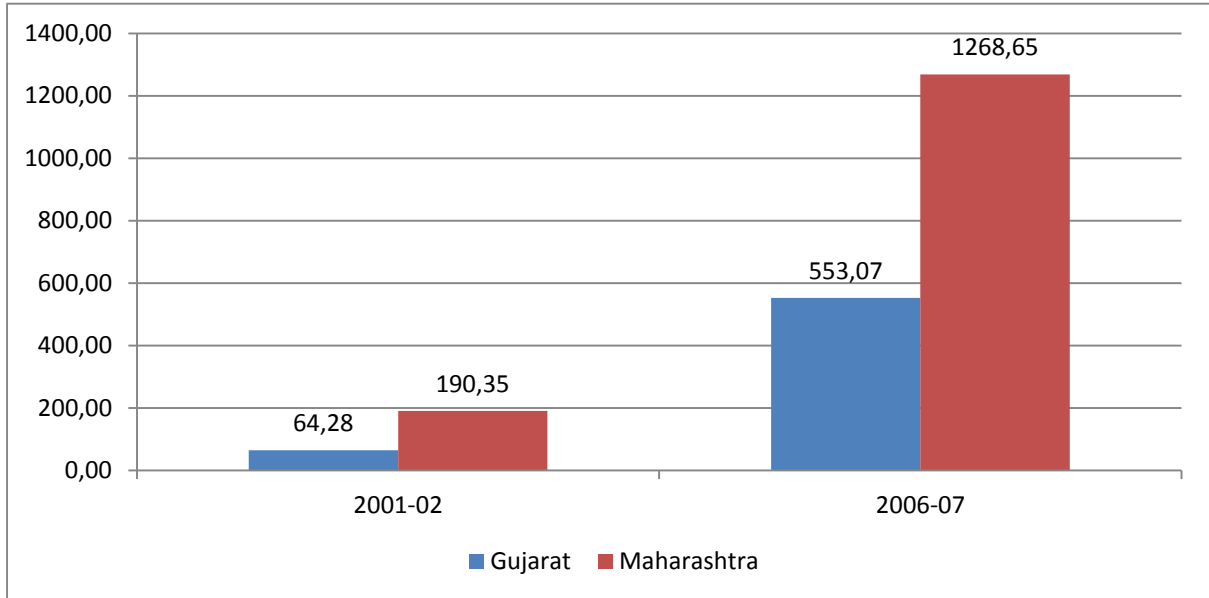


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Source: MSME Annual Report 2012-13

Figures 2.3 and 2.4 give production and export from the MSME sector as in 2001-02 and 2006-07.

Figure 2.3: Production (INR Billion) for MSME



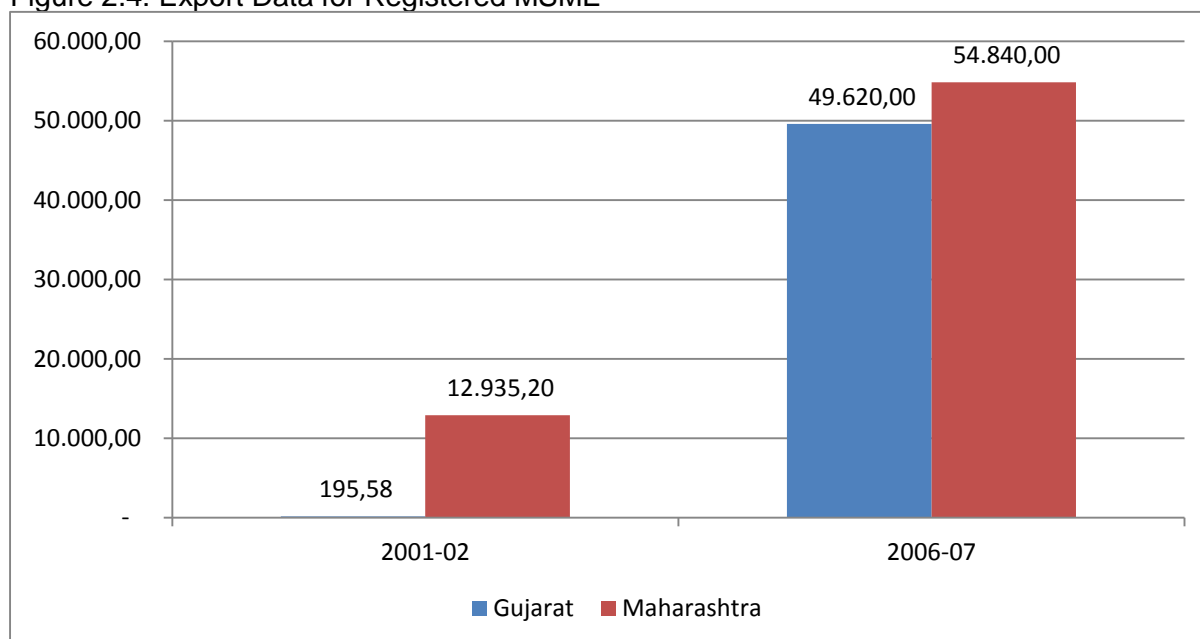
All India MSME production was INR 1498.77 Billion in 2001-02. All India MSME production was INR 10772.13 Billion in 2006-07.

Source: MSME Census Data; Unit: INR Billion; (Refer to Table 1.2 of Annexure 1)



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Figure 2.4: Export Data for Registered MSME



All India export by registered MSMEs was INR 123 Billion in 2001-02. All India export by registered MSME was INR 679 Billion in 2006-07

Source: MSME Census; Unit: INR Million; (Refer to Table 1.2 of Annexure 1)

2.5 Structural Problems and Export Constraints in India

2.5.1 Structural problems affecting business development in India^{22 23}

- **Infrastructure:** Infrastructural lacking includes inadequate power supply, transportation, water supply etc. Small firms cannot bear the cost of setting up independent power supply unit. They have to depend on irregular power supply from the electricity boards. Inadequate transportation system increases cost of production. Bad roads, lack of high-speed trains, time taken on ports for import of raw materials etc. all affect business. This has been a persistent problem. Das and Morris²⁴ (2001), surveyed 1063 firms and observed that 716 firms (more than sixty-seven percent) confessed that they have serious infrastructural problems. A report in 2013 also refers to inadequate infrastructure as a continuing challenge to the performance of MSMEs.²⁵
- **High price of real estate and electricity:** The acute shortage of real estate less than a day's drive from ports has produced steep real estate prices and rents. High real estate and electricity costs leave businesses with very little money to pay workers and remain

²² http://www.nytimes.com/2013/09/05/business/global/indias-falling-economic-tide-exposes-its-chronic-troubles.html?pagewanted=all&_r=0

²³ http://www.rtc.bt/Conference/2012_10_15/6-RajibLahiri-MSMEs_in_India.pdf

²⁴ Morris, S.; R. Basant; K. Das; K. Ramachandran; and A. Koshy (2001), *The Growth and Transformation of Small Firms in India*. New Delhi: Oxford University Press.

²⁵ http://www.dnb.co.in/Leading_SMEs_of_India_2013/MSMEsInIndia.asp



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competitive in the global markets

- *Laws*: The laws in India are such that companies prefer keeping a certain number of workers to enjoy the privileges of being a small firm. If companies exceed the mentioned number of workers and surpass certain benchmarks for total investment, they become subject to extensive labor legislation, which they try to avoid
- *Skilled Labour*: Though India has no shortage of human resource, most of them are unskilled workers. Large firms pay higher remuneration and employ skilled workers. The MSMEs have to operate with unskilled or semi-skilled workers. Thus, the MSMEs suffer from low managerial capabilities
- *Corruption*: Hugely prevalent corruption in getting any license or to get any permission from the government authorities takes a lot of time and bribery, which causes great trouble to firms in getting anything approved smoothly and swiftly
- *Gradual withdrawal of Reservation Policy*: The Reservation Policy introduced in 1967 earmarked some sectors for exclusive production by small enterprises. Post-1991, a gradual withdrawal of this policy, along with clubbing medium enterprises with the small and the formation of MSMEs (MSMED Act, 2006) allowed MNCs and large domestic firms to produce reserved items without any restrictions and increased the degree of competition for the small firms. As a result, today, the smaller firms face a degree of competition from the large domestic and multinational firms they historically never faced.²⁶
- *Financing*: Financing has always been a major problem for the small and medium industries in India. The MSMEs mostly depend on internal, or informal, sources of finance (personal savings, loan from relatives, and loan from local money lenders) and relatively less on institutional financing by banks and other institutions. This obviously increases their cost of credit.

2.5.2: Constraints for Export Development

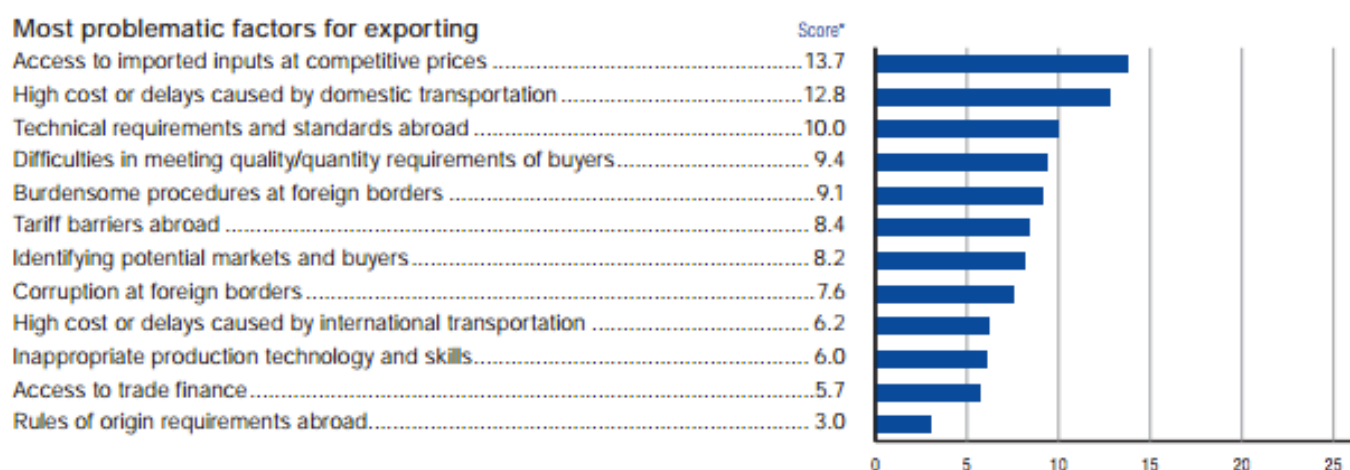
²⁶ However, none of the companies interviewed referred to this as a problem since, by now, everyone has come to accept it as a given.



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According to The World Economic Forum the biggest export obstacles for India are the efficiency and transparency of border administration, availability and quality of transport infrastructure and services and lack of use of ICTs, as given in table 2.3.

Table 2.3: Most Problematic Factors for Exports²⁷



Source: World Economic Forum's The Global Enabling Trade Report 2014

These constraints are in line with the major hurdles reported by a study,²⁸ which surveyed 60 Indian manufacturing firms. The major hurdles to exports as per the study are:

- Customs procedure and licensing,
- Technical standards and health regulations
- Sanitary and phytosanitary measures
- Governmental regulations
- Certification
- Problem of accessing the European Union market
- Strict regulation regarding the labeling and packaging of the goods

2.6 Institutional Framework for Export Development²⁹

Both nationally, and at the state level, governments have built various institutions to develop exports. Most of these institutions were already operational at the time of the CBI interventions.

²⁷ From the list of factors above, business executives were asked to select the five most problematic for trading in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

²⁸ <http://www.vu.lt/leidyba//dokumentai/zurnalai/EKONOMIKA/Ekonomika%2091%202/38-48.pdf>

²⁹ http://commerce.nic.in/MOC/about_us_organisational_functions.asp



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| Institution | Institution Type | Key Departments | Key Functions |
|--|---------------------------------------|---|--|
| Department of Commerce under Ministry of Commerce and Industry | Government | <ul style="list-style-type: none"> • International Trade Policy Division • Foreign Trade Territorial Division • Export Products Division • Export Industries Division • Export Services Division • Economic Division • Administration & General Service Division • Finance Division • Various subordinate offices like Directorate General of Foreign Trade, Directorate General of Supplies and Disposals, Directorate General of Anti-Dumping and Allied Duties and related matters and Directorate General of Commercial Intelligence and Statistics. | <ul style="list-style-type: none"> • To facilitate the creation of an enabling environment and infrastructure for accelerated growth of international trade • The Department formulates, implements and monitors the Foreign Trade Policy (FTP) which provides the basic framework of policy and strategy to be followed for promoting exports and trade |
| Board of Trade | Advisory body to Ministry of Commerce | | Advises the Government on policy measures connected with the Foreign Trade Policy in order to achieve the objectives of boosting India's trade |
| Inter State Trade Council | Advisory body to Ministry of Commerce | | Serves as a mechanism for institutionalized dialogue between the Union and the States in matter relating to trade facilitation and to create a framework for making states partners in India's export effort |
| Export Credit Guarantee Corporation of India Limited | Public Sector Undertaking | | Promotes exports by covering the risk of export on credit. It provides: <ul style="list-style-type: none"> (a) A range of insurance covers to Indian exporters against the risk of non-realization of export proceeds |



| | | | |
|---|--|--|---|
| | | | <p>due to commercial or political causes</p> <p>(b) Different types of guarantees to banks and other financial institutions to enable them to extend credit facilities to exporters on liberal basis</p> |
| India Trade Promotion Organisation (ITPO) | Public Sector Undertaking | | <ul style="list-style-type: none"> • To promote external and domestic trade of India in cost-effective manner by organising and participating in international trade fairs in India and abroad; organising buyer-seller meets and contact promotion programmes abroad; conducting overseas market surveys, exchanging and coordinating visits of business delegations and undertaking need-based research to facilitate trade in specific sectors/ markets • To support and assist small and medium enterprises to access markets – both in India and abroad • To disseminate trade information and facilitate E-commerce/ trade • To develop quality physical infrastructure, services and management so as to enable holding of trade promotion events such as conventions and trade exhibitions of international standards |
| Export Promotion Councils (EPCs) | Non-profit organization under the administrative control of the Department of Commerce | 14 export promotion councils like Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council, Council for Leather Exports, Sports Goods Export Promotion Council etc. | <ul style="list-style-type: none"> • Advise the Government regarding current developments in the export sector and measures to facilitate future growth in exports • Assist manufacturers and exporters to overcome the various constraints and extend to them the full range of services³⁰ for the development of market overseas • Sponsor trade delegations and guide newcomers in the export trade |
| Indian Institute of | Autonomous Body | | Strengthening the external trade sector through development of human resources and by |

³⁰ To avail of the services of EPCs, companies have to register with the concerned EPC and pay an annual membership fee. Post that they are eligible for all the services and trainings provided.



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| Foreign Trade (IIFT) | | | generating, analyzing and disseminating data, conducting research and providing consultancy services |
| Export Inspection Council | Autonomous Body | | Ensures sound development of export trade of India through quality control and inspection and for matters connected therewith |
| Indian Institute of Packaging | Autonomous Body | | Promotes exports by helping innovate in design and development of packaging and also upgrade the packaging standards at the national level |
| Federation of Indian Export Organisations (FIEO) | Autonomous Body | | <ul style="list-style-type: none"> • Renders an integrated package of services to various organizations connected with export promotion • Functions as a primary servicing agency to provide integrated assistance to its members comprising professional exporting firms holding recognition status granted by the government, consultancy firms and service providers • Organizes seminars and arranges participation in various exhibitions in India and abroad |
| Export-Import Bank | Autonomous Body | | Extends finance to exporters of capital and manufactured goods, exporters of software's and consultancy services and overseas joint ventures and construction projects abroad |
| Commodity Boards | Autonomous Bodies under Department of Commerce | Coffee Board, Tea Board, Rubber Board, Spices Board, Tobacco Board | Responsible for production, development and export of tea, coffee, rubber, spices and tobacco |

2.7 Business development measures by the central and state governments



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2.7.1 Export promotion measures by the Government of India³¹

Government of India- Ministry of Commerce and Industry: Department of commerce- has a number of schemes, which are strengthened from time to time and improved upon while new schemes are added to promote greater economic activity with various countries of the world.

A brief description of some of these schemes is given below. However, how much they address things on the ground for MSMEs continues to be a problem. A 2013 report complains about the efficacy of many, indeed most, of these operations and lists the following as hurdles: inadequate access to timely and adequate credit, inadequate infrastructure, lack of availability of skilled labour, lack of availability of adequate technology, inadequate marketing and branding, and delayed payment from the clients.³²

1. *Assistance to States for Developing Export Infrastructure and Allied activities (ASIDE) Scheme*

The ASIDE Scheme encourages the active involvement of State Governments for development of export infrastructure through assistance linked to export performance. The scheme provides an outlay for development of export infrastructure, which is distributed among the States, inter-alia, on the basis of the States' export performance in the previous year. The Scheme subsumed the three ongoing Central Schemes viz. the Export Promotion Industrial Park (EPIP), Critical Infrastructure Balance Scheme (CIB) and the Export Development Fund (EDF) Scheme for the North East. The specific purposes for which the funds allocated under the Scheme that can be sanctioned and utilized are as follows: -

- Creation of new Export Promotion Industrial Parks/Zones (including Special Economic Zones (SEZs)/Agri-Business Zones) and augmenting facilities in the existing Zones.
- Setting up of electronic and other related infrastructure in export conclaves.
- Equity participation in infrastructure projects, including the setting up of SEZs.
- Meeting the requirements of capital outlay of EPIPs/ SEZs.
- Development of complementary infrastructure such as roads connecting the production centres with ports, setting up of Inland Container Depots and Container Freight Stations.
- Stabilizing power supply through additional transformers and islanding of export production centres, etc.
- Development of minor ports and jetties of a particular specification to serve exports.
- Assistance for setting up Common Effluent Treatment Plants.

2. *Infrastructure Support and Electronic Data interchange*

The Government facilitates transport/logistic support and resolves problems experienced by the trading community in the carriage of goods by courier, sea, air, rail and road in coordination with the concerned Ministries and Departments. It seeks to encourage greater containerization, computerisation of cargo clearance and electronic data interchange, warehousing, setting up of air cargo complexes, inland container depots, container freight stations, etc. Electronic Data Interchange is being implemented in a

³¹ http://commerce.nic.in/publications/pdf/anualreport_chapter5-2012-13.pdf

³² http://www.dnb.co.in/Leading_SMEs_of_India_2013/MSMEsInIndia.asp



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phased manner at Ports and Airports so as to facilitate electronic clearance of export and import containers.

3. *Market Access Initiative (MAI) Scheme*

The Market Access Initiative (MAI) Scheme is a plan scheme, which acts as a catalyst to promote India's exports on a sustained basis. The Scheme is based upon 'focus product' and 'focus market' concept. Under the Scheme, assistance is extended to the Departments of Central Government and organisations of Central/State Governments, Export Promotion Councils, Registered Trade Promotion organisations, Commodity Boards, Recognized Apex Trade Bodies, Recognized Industrial Clusters and individual Exporters (only for product registration and testing charges for engineering products abroad). Assistance is given for the following components-

Marketing projects which may include:

- Opening of showrooms
- Warehousing facility
- Display in international departmental stores
- Publicity campaign
- Participation in trade fairs, BSMs etc., abroad etc.

4. *Marketing Development Assistance (MDA)*

To facilitate various measures being undertaken to stimulate and diversify the country's export trade, Marketing Development Assistance (MDA) Scheme is under operation in the Department of Commerce. The Scheme supports the under mentioned activities:

- Assist individual exporters for export promotion activities abroad.
- Assist Export Promotion Councils (EPCs) to undertake export promotion activities for their product(s) and commodities
- Assist approved organisations/trade bodies in undertaking limited exclusive non-recurring innovative activities connected with export promotion efforts for their members.
- Assist Focus Area export promotion programmes in specific regions abroad like Focus LAC, Focus Africa, Focus CIS and ASEAN+2 programmes.

5. *National Export Insurance Account (NEIA)*

The objective of NEIA is to promote project exports from India, which may not take place but for the support of a credit risk insurance cover in the following cases:

- High risk on a single country
- High value of a single transaction
- Large valued projects involving unusual or unconventional credit terms, which are beyond the normal, risk bearing capacity of ECGC

6. *India Brand Equity Foundation (IBEF)*

IBEF's primary objective is to promote and create international awareness of the Made in



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India label in markets overseas and to facilitate the dissemination of knowledge of Indian products and services. IBEF works closely with stakeholders across government and industry in their branding activities. The IBEF Knowledge Centre has emerged as a credible source for information on Indian business and economy

7. *Trade Finance*

Trade Finance coordinates the pre-budget proposals received from Apex Industry Associations/Chambers of Commerce, Export Promotion Councils, Commodity Boards, Federation of Exporters' Organizations, individuals companies, etc. Taking into consideration our trading requirements, the Department has taken up the matter with the Ministry of Finance for opening new branches or upgrading the status of the existing branches of Indian Banks abroad

8. *e Trade Project*

The community project 'e Trade' is being pursued in various trade regulatory and facilitating agencies like Customs, DGFT, Ports, Airports, RBI, Export Promotion Organisations (EPO), Exporters, Importers, Agents, CONCOR and Banks. The objectives of this project are to facilitate electronic delivery of services; 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.

2.7.2 State policies of Gujarat to assist and support MSME³³

- *Cluster Development Approach-* The Government has decided to recognize a cluster with a critical mass of a minimum of 50 units located within the radius of 10 kms at a particular location. The Government aims to empower the clusters by providing need-based financial assistance for taking up strengthening activities. The Government also has decided to offer concessions in the form of electricity duty exemption for a period of first five years to the cluster associations if they set up either common power plants or common effluent treatment plants or waste recycling plants. Many other incentives have been provided for the clusters
- *Assistance for Technology Up gradation-* Government has introduced a scheme to provide an interest subsidy at 3% on purchase of all capital equipment necessary to be installed for technology up gradation for a period of 5 years subject to a maximum of Rs 0.3 million per year, to the small and medium sector units
- *Conservation of Energy and need for Energy Review-* The Government encourages energy review in a big way by providing subsidy to conduct energy review to SMEs. This will help in conservation of precious energy in general and the unit also benefits in terms

³³ <http://www.dcmsme.gov.in/policies/state/quirat/pstquj10x.htm>



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of cost of operations

- *Interest subsidy*- A new small-scale unit is offered an interest subsidy at 5% per annum or Rs 0.5 million whichever is less subject to a condition that the unit will have to pay a minimum of 5% of interest per annum. This benefit is extended for a period of five years, subject to an overall ceiling of Rs 2.5 million

2.7.3 State policies of Maharashtra to assist and support MSME³⁴

- New industries establishing in certain specified areas are exempted from payment of Electricity Duty for a period of 15 years. In other parts of the State, 100% Export Oriented Units (EOUs), Information Technology (IT) and Bio-Technology (BT) units, and industries setting up in Special Economic Zones (SEZs), and Electronic Hardware Technology Parks are exempted from payment of Electricity Duty for a period of 10 years
- *Special Capital Incentives for SSI units*: New small-scale industries (including IT and BT units) setting up in different parts of the State are eligible for Capital Subsidy. The subsidy is disbursed in equal annual installments over 5 years. Existing SSI and small-scale IT and BT units are eligible for 75% of the subsidy admissible as above for expansion, diversification or modernization involving additional investment to the extent of 25% or more
- *Interest Subsidy to new textile, hosiery and knitwear SSI units*: New textile, hosiery and knitwear small-scale industries setting up in different parts of the State are eligible for Interest Subsidy on the interest actually paid to the financial institution/bank on the term loan for creating fixed capital assets, equal to the interest payable at 5% per annum
- *Exemption from Sales Tax for Khadi & Village Industries*: 24 khadi and village industries are exempt from Sales Tax up to certain limits on annual turnover. Considering the potential of this sector for employment generation and rural industrialization, Sales Tax is waived in respect of the 72 remaining industries for their turnover up to Rs. 2 million per annum. This concession is available to khadi and village industry units registered with and assisted by the Maharashtra State Khadi and Village Industries Board
- *Sales Tax on IT products*: Sales Tax rates on IT products are maintained at the level of the minimum floor rates, wherever applicable. No turn-over tax, additional Sales Tax, surcharge or any other additional levy related to Sales Tax is applied to IT products.

2.8 CBI's role given the context

As mentioned before, in principle, many of the activities of CBI were supposed to have been undertaken by various governmental organizations in India. The problem, however, is that the government rules are at arm's length and, hence, not customized to the problems faced by the company. The CBI interventions, on the other hand, were more relevant for the

³⁴ <http://www.dcmsme.gov.in/policies/state/maharash/mahras.htm>



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idiosyncratic companies and, hence, more effective even when there were similar initiatives available on paper from government schemes and institutions.

| Hurdle Mentioned³⁵ | CBI assistance within ECP (Yes/No) | Other Institutions providing assistance (Yes/No)³⁶ |
|---|---|---|
| Access to imported inputs at competitive prices | No | Yes <ul style="list-style-type: none"> EXIM bank gives loans for raw materials Department of Commerce gives subsidies on machinery etc. imported |
| High cost or delays caused by domestic transportation | No | Yes <ul style="list-style-type: none"> Department of Commerce- Develops infrastructure for trade facilitation |
| Technical requirements and standards abroad | Yes | Yes <ul style="list-style-type: none"> EPCs and ITPO provide knowledge, training and coaching to companies to make them reach the high standards abroad |
| Difficulties in meeting quality/quantity requirements of buyers | Yes: Quality improvement coaching | Yes <ul style="list-style-type: none"> EPCs, FIEO and ITPO provide knowledge, training and coaching to companies to make them reach the high standards abroad EXIM gives loans to increase capacity |
| Burdensome procedures at foreign borders | No | No |
| Tariff barriers abroad | Yes: Gives knowledge about these | Yes <ul style="list-style-type: none"> ECPs FIEO and ITPO assist companies by providing information about these |
| Identifying potential markets and buyers | Yes (however, this does not include | Yes <ul style="list-style-type: none"> B2B organized by EPCs and FIEO |

³⁵ Hurdle mentioned here are the hurdles mentioned in WEF and other studies (provided in section 2.5.2: Constraints for Export Development) Hurdles mentioned by the companies and CBI's assistance to them in details is in chapter 3

³⁶ From section 2.6. Also note that all these services were available during CBI intervention too.



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| | matchmaking or B2B services) | |
| Corruption at foreign borders | No | No |
| High cost or delays caused by international transportation | No | No |
| Inappropriate production technology and skills | Yes | Yes <ul style="list-style-type: none"> • EPCs, FIEO and ITPO provide knowledge, training and coaching on how to improve the skills and technology • IIFT develops human resources |
| Access to trade finance | Yes but only in terms of subsidised trade fair participation | Yes <ul style="list-style-type: none"> • EPCs provide subsidized trade fair participation • EXIM gives loans at subsidized rates • Export Credit Guarantee Corporation of India Limited provides insurance covers for risks in exports • Department of Commerce gives subsidies on machinery etc. imported |



3. Export Coaching Programme

3.1 Introduction

This chapter focuses on the implementation of Export Coaching Programme (ECP) in India. A brief description of the ECP in India is provided in the next section followed by a description on the activities undertaken by CBI under this programme for India. Next, follows an overview of companies that were interviewed to assess the effectiveness of this programme in India. Three categories of firms were interviewed – those who applied and successfully completed the programme, those who dropped out of the programme, and those who were never approached by CBI. The third category will help in evaluation of the export performance of firms who never got in touch with CBI vis-a-vis those who were handled by CBI in managing their export plans. The final section discusses the ECP programme's relevance and additionality based on the company interviews conducted.

3.2 Export Coaching Programme in India (2005-2012):

*Rationale and Objective*³⁷

The Centre for the Promotion of Imports from Developing Countries (CBI) is an agency of the Ministry of Foreign Affairs, The Netherlands, which has the objective of strengthening the competitiveness of developing nations' companies in the European market. CBI's mission is to contribute to the sustainable economic development in developing countries through expansion of exports from these nations to more developed countries. In order to fulfil its mission it conducts Export Coaching Programmes for SMEs in developing nations which have plans to export to EU. It provides assistance to these companies to become familiar with the EU market, adapt its products to EU market requirements and standards, develop an export marketing plan, provide opportunities to enter the EU market and to consolidate the company's export position in the EU markets.

The intervention of CBI includes assistance of companies selected based on an initial audit in the development of export marketing plan, and sector specific technical assistance offered to them by means of export marketing training and market entry strategies such as participation in trade fairs, etc.

The participants receive support by means of on-site consultancy, distance coaching, market information, participation in trade fairs, and other related business to business activities. Based on the requirements of companies, they might also receive technical assistance in the field of business development, certification and product and production process improvement.

Table 3.1: ECP programme in India - phases and activities

| Phase | Activities |
|-----------------------------|---|
| Pre-selection | Pre-selection of participants |
| Technical Assistance | Export Audits Plans of action and distance guidance |
| Training (EXPRO) | Participating in seminars and workshops Developing Export Marketing Plan |
| Market entry | Subsidized trade fair participation |

³⁷ TOC CBI 13 11 13



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Overview

ECPs are directed at enterprises from different countries active in specific economic sectors³⁸ and that have the export capacity and potential to focus on EU/EFTA. There is a range of selection criteria for a company to get selected for ECP training as mentioned below³⁹

- At least 51% locally owned, or (co-) owners who reside in another developing country (excluding developing countries characterized as upper middle income country or higher);
- 25 to 500 employees;
- Compliance or the willingness to comply with EU market requirements;
- No licensing commitments that prohibit or limit export possibilities of products to the EU at competitive prices and sufficient production capacity;
- A management which is able to communicate in English;
- The willingness and capacity to invest in adaptations of, for instance, product assortment and production processes, if and as required by the European market.

However, there is some flexibility⁴⁰ in this selection criteria depending upon the export potential of the company. For example a company which does not fulfil the criteria in terms of people employed may be chosen if it demonstrates a sufficient capacity to export.

The ECPs aim at strengthening the export competencies of the SME producers/exporters in developing countries so as to assist them in achieving sustainable exports. The ECP interventions aim at auditing and selecting suitable companies, the development of an improvement plan, providing assistance in building export capacity, offering sector specific export marketing training and supporting companies with market entry activities in Europe by means of participation in international trade fairs and other market entry activities such as buying missions and B2B activities.

Between 2005 and 2012 many Indian companies applied for the programme. We categorize them into two categories – those who got selected and successfully completed the entire programme and those who left or were dropped out of the selection list. The second category of companies started with the programme but decided to pull back themselves or were told to do so by CBI and hence could not complete it till the end.

The five-year ECPs have multiple modules for companies selected into the CBI India ECP. The modules are partially sequential, with participating companies going through one or more of the initial modules and achieving readiness to participate in the CBI booth in EU trade fairs. A company-participant may have received one or more modules, depending upon progress achieved and motivation to exhibit in a CBI booth in a jointly selected EU trade fair.

Pre-selection:

In order to select the potential exporters for ECP an assessment of their export-readiness is made. This helps in determining whether the company is at an appropriate stage of development to start its export plan.

³⁸ All ECPs can be aggregated into four main sectors: Agriculture, food and forestry, Industrial products, Consumer products and Services.

³⁹ The selection criteria can be found on <http://www.cbi.eu/About%20CBI/CBI%20services/Export%20Coaching%20Programmes/Criteria>

⁴⁰ Some ECPs may also have additional selection criteria depending upon the sector it targets.



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CBI sector consultants approached the sector-related export promotion councils to identify a long list of SME companies to consider for participation in the CBI India ECP. The criteria to enlist were either exporting somewhere and/or motivation to export to EU. They also identified and hired local consultants (e.g., local business magazine editors) to help list candidate companies. Visits to companies refined the ranking about preparedness for exports to EU and the fit in the CBI India ECP. Companies selected into the CBI India ECP received one or more of the following modules.

Export Audit (EAD)

The CBI sector consultants, international and/or local, visited the company premises and assessed the production processes, quality of the product/s, the certifications attesting to a quality standard and the company motivation to export to the EU. Gaps in attributes, that is, the requirements for product design and finishing; catalogues, samples for exporting, a company website with product and other company details; packaging for exporting to the EU (e.g., wooden crates, fumigated), necessary EU certification, an export budget and other EU-export related aspects were identified and an action plan called the export marketing plan (EMP) was agreed on with the company to close such gaps. Each visit culminated in a score, ranking each attribute on a scale of 1-4, and added over all relevant attributes.

Technical Assistance Mission (TAM)

Once the company is selected, the CBI sector consultants followed up the initial visit with further visits called TAMs, to expedite steps toward achieving EU-export readiness. A TAM culminated in a revised company score for EU-export readiness or to attend the CBI-EXPRO seminar.

Distance guidance

The CBI sector consultants also followed up on the initial visit with distance guidance, via electronic means, again to expedite progress toward the company being EU-export ready.

EXPRO

Once a company-participant was adjudged to be ready to export to EU (based on the company score), an appropriate company representative (usually the owner-CMD or in some cases, the export manager) was invited to participate in the export training seminar conducted by CBI at Rotterdam, Netherlands. This training provides participants with practical skills on export marketing, export management and promotion in their sector in Europe. This includes the development of an Export Marketing Plan and trade fair preparations (e.g. stall designing, attending to visitors, exchanging the right information, and following up with visitors).

Trade fairs

The final step in the ECP is to attend a sector appropriate EU trade fair such as Autotechnica, Agritechnica, Paperworld, Ambiente, etc. Three opportunities to exhibit under a CBI booth were on offer, the first being 100 percent cost-free, the second being 75 percent cost-free, and the third being 50 percent cost-free to the company.

The ECP envisages three years of attending fairs, preceded by the EXPRO training and measures for becoming EU-export ready as per the EMP.

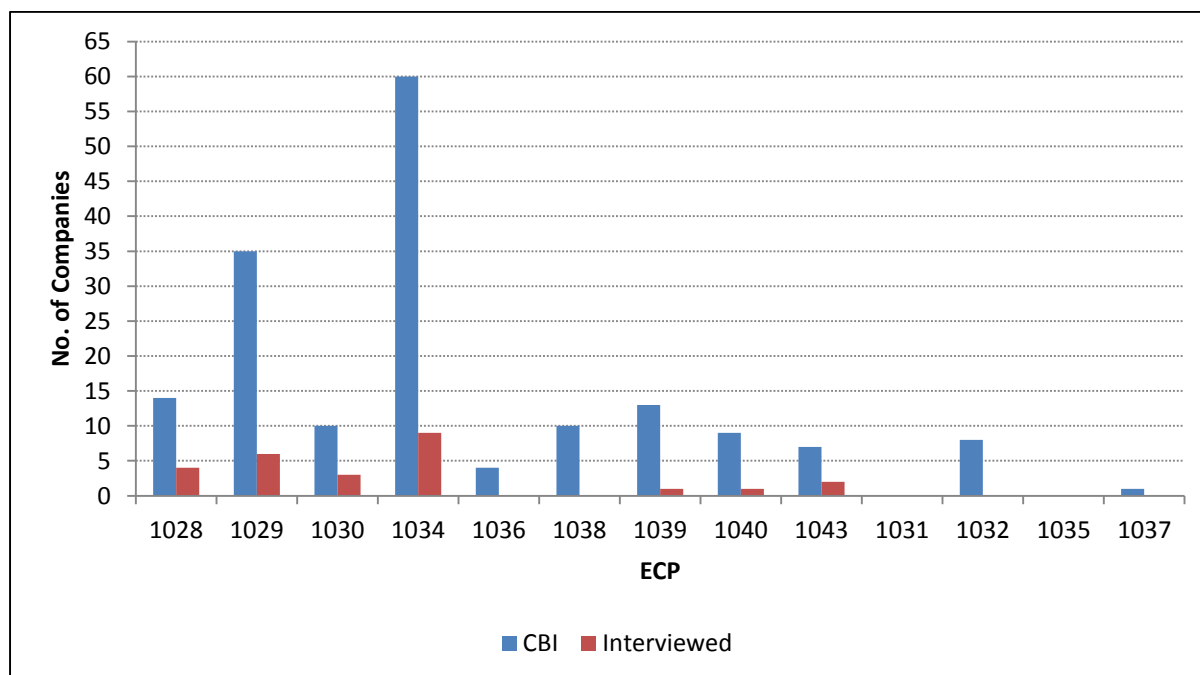
CBI followed up with the companies to collect their export and other data. Also, some companies were approached for internal CBI evaluations.



Table 3.2: Sectors that received ECP training

| ECP No. | Main Sector | Subsector |
|---------|--------------------------------|--|
| 1028 | Industrial products | Mobile equipment parts |
| 1029 | Industrial products | Engineering products |
| 1030 | Industrial products | Medical devices and laboratory equipment |
| 1034 | Industrial products | Pipe and process equipment |
| 1036 | Industrial products | Subcontracting, casting and forgings |
| 1038 | Industrial products | Personal protective equip |
| 1039 | Consumer products | Office and school supplies |
| 1040 | Consumer products | Home decoration, accessories and gifts |
| 1043 | Industrial products | Pharmaceutical products |
| 1031 | Services | ITO services |
| 1032 | Services | BPO services |
| 1037 | Agriculture, food and forestry | Food Ingredients |

Figure 3.1: Comparison of sector-wise distribution of CBI-assisted companies in India



Of the initially selected companies by CBI for the India ECP training, 21 percent dropped out of the program (Table 3.3). A company can either be rejected by CBI after admission to



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ECP, or the company might decide to leave the programme itself. The comparison between dropout rates between India and three other case study countries is tabulated below.

Table 3.3: Comparison of dropouts of ECP

| | Total | India | South Africa | Egypt | Columbia |
|---|-------|-------|--------------|-------|----------|
| (Rejected+ dropped after selection)/ (total started) | 24% | 21% | 36% | 11% | 25% |
| (Rejected after selection)/ (total started) | 6% | 5% | 6% | 0% | 8% |
| (Dropped out after selection)/ (total started) | 18% | 16% | 31% | 11% | 17% |

Source: CBI/SAGE

Although the reasons why companies decided to drop out of the programme are not clear, from the company interviews conducted the problem appears to be with the selection criteria in terms of capabilities, resources and motivation of the company that was used to determine a participant in the ECP training (see Table 3.4). Officially the company has to comply with a range of selection criteria in order to qualify as a credible participant in the ECP training programme. Table 3.4 depicts that, ex-ante, most of the companies chosen for the CBI ECP training fulfilled the selection criteria.

However, CBI does not seem to make use of any diagnostic tool to determine if a company is at an appropriate stage of development so as to benefit from an ECP training programme. Also there appears to be certain other factors⁴¹ which should have been taken into consideration apart from the five factors mentioned in Table 3.4 before choosing a company to participate in the CBI ECP training. This is also evident by observing that there were few companies (L26, L27, L28, L29, and L30) who fulfilled the selection criteria but left the programme in between.

As per the earlier evaluation of CBI by IOB, clear procedures for identification and selection of appropriate participants seem to be lacking. The selection decision is found to be highly dependent on the subjective opinion of the product consultants who play an important role in the selection process.

Table 3.4: Application of the Selection Criteria per firm in the research sample

| Company | Ownership | size (25-500 employees) | Willingness to comply with EU market requirements | No licensing commitments that prohibit export possibilities | Management's ability to communicate in English |
|---------|-----------|-------------------------|---|---|--|
| P1 | √ | √ | √ | √ | √ |
| P2 | √ | | √ | √ | √ |

⁴¹ Some other factors of significance are presence of appropriate customer base for the chosen company in EU markets, whether a suitable trade fair can be identified for the company to display its products to the EU customers, whether the company could meet the EU certification requirements on its own etc.



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| | | | | | |
|-----|---|---|---|---|---|
| P3 | √ | x | √ | √ | √ |
| P4 | √ | x | √ | √ | √ |
| P5 | √ | | | | √ |
| P6 | √ | x | | | |
| P7 | √ | x | | | √ |
| P8 | √ | x | √ | √ | √ |
| P9 | √ | √ | √ | √ | √ |
| P10 | √ | √ | √ | √ | √ |
| P11 | √ | √ | √ | √ | √ |
| P12 | √ | √ | √ | √ | √ |
| P13 | √ | √ | √ | √ | √ |
| P14 | √ | √ | √ | √ | √ |
| P15 | √ | x | √ | √ | √ |
| P16 | √ | √ | √ | √ | √ |
| P17 | √ | √ | √ | √ | √ |
| P18 | √ | √ | √ | √ | √ |
| P19 | √ | √ | √ | √ | √ |
| P20 | √ | x | √ | √ | √ |
| P21 | √ | √ | √ | √ | √ |
| L26 | √ | √ | √ | √ | √ |
| L27 | √ | √ | | | |
| L28 | √ | √ | √ | √ | √ |
| L29 | √ | √ | √ | √ | √ |
| L30 | √ | √ | √ | √ | √ |

Source: Qualitative interviews of company and company audit reports

The company interviews provide some ex-post reasons as to why companies left the CBI ECP programme (summarised in table 3.5 below). In several cases the company had participated in the ECP with an expectation that it would get the necessary EU certification which is essential for any trade with EU, however, it just got the information regarding the procedure to acquire certification. In some other cases the companies felt that there was no suitable trade fair that could be identified in their product category and left the programme after getting selected. One company blamed CBI consultants for not actively offering support



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for trade fair participation of the company as the reason for its exit. We also came across a company who left the ECP training because it felt that the programme was more suitable for start-ups and for those who had not had any export experience prior to the ECP training programme.

Table 3.5: List of Drop out companies with reasons for drop out

| Company | Sector | Reason |
|---------|---|--|
| L26 | Engineering products | They were awaiting response from CBI for trade fair participation. The interaction with CBI was not continued (“fizzled out”) |
| L27 | Pipe and process equipment | The company was into consultancy services (not an active CBI sector) and an appropriate trade fair couldn’t be identified |
| L28 | Pipe and process equipment | The company profile had less of a fit with the smaller companies who were learning to export to EU. The space at CBI booth was found to be smaller by the firm and the company decided to exhibit in trade fairs on their own. |
| L29 | Mobile equipment parts | The company devoted a lot of time and resources into obtaining TS 16949 certification and could not continue its participation in CBI programme. The company felt that the programme was more suitable for start-up companies who had not had any prior export experience. |
| L30 | Medical devices & laboratory equipments | The company felt that it was not prepared for the programme. It had entered the programme with the expectation that it would get technical help as well as monetary assistance to obtain CE marking which never materialized. |

Source: Qualitative Interviews of Companies

One of the critical criteria for selection is the commitment of the participating company to venture into exports as well as its resources. It was found in some of the interviewed companies in India that they had better chances in the domestic market and hence their primary concentration was on the domestic market. This eroded their commitment to export. Some of these seemed to have a lack of deployable resources --- human and financial --- to operate in both markets.

Another important characteristic which determines whether a company qualifies as a credible ECP participant or not is the size of the company, expressed as number of people employed (25-500 employees). However, there is a degree of flexibility in determining the selection criteria. For example, some of the companies that got selected for the training were too small in size but had a capacity to export and hence were considered to be a part of the ECP programme. Having access to adequate finance to invest in export development activities seems to be another significant criterion. For companies that are in their initial phases of development, access to finance is critical for growth prospects of the company.

Company characteristics

In India 30 companies were visited and interviewed to evaluate the effectiveness of CBI ECP training. These companies can be categorized into three categories – participants (P) (21),



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leavers/dropouts (L) (5) and counterfactuals/ non-CBI (CF) (4). The companies interviewed cover seven⁴² of the thirteen sectors that received the ECP training.

Table 3.6: Characteristics of CBI-assisted companies

| Company | Sector | Sector Description | No. of Employees | Employment Development ⁴³ | Category |
|---------|--------|--|------------------|--------------------------------------|----------|
| P1 | 1028 | Mobile equipment parts | 108 | + | Medium |
| P4 | 1030 | Medical devices and laboratory equipment | 9 | + | Micro |
| P6 | 1034 | Pipe and process equipment | 16 | + | Micro |
| P8 | 1034 | Pipe and process equipment | 10 | + | Micro |
| P9 | 1029 | Engineering products | 80 | + | Small |
| P10 | 1034 | Pipe and process equipment | 50 | = | Small |
| P11 | 1039 | Office and school supplies | 300 | - | Medium |
| P12 | 1028 | Mobile equipment parts | 87 | + | Small |
| P13 | 1034 | Pipe and process equipment | 125 | + | Medium |
| P14 | 1029 | Engineering products | 30 | + | Small |
| P15 | 1040 | Home decoration, accessories and gifts | 15 | + | Micro |
| P16 | 1029 | Engineering products | 25 | + | Small |
| P17 | 1034 | Pipe and process equipment | 26 | + | Small |
| P18 | 1028 | Mobile equipment parts | 650 | + | Medium |
| P19 | 1043 | Pharmaceutical products | 300 | = | Medium |
| P20 | 1034 | Pipe and process equipment | 20 | + | Small |
| P21 | 1043 | Pharmaceutical products | 29 | + | Small |
| L26 | 1029 | Engineering products | 33 | + | Small |
| L27 | 1034 | Pipe and process equipment | 30 | + | Small |
| L28 | 1034 | Pipe and process equipment | 100 | + | Medium |
| L29 | 1028 | Mobile equipment parts | 220 | = | Medium |
| L30 | 1030 | Medical devices and laboratory equipment | 97 | - | Medium |

Source: Qualitative Interviews of Companies

⁴² ECP numbers 1028; 1029; 1030; 1034; 1039; 1040 and 1043.

⁴³ Development refers to the change before and after a company received the CBI ECP training.



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+: increase, -: decrease, =: same

Most of the competent exporters had been in business for a few years. Some of them were into exports even before the CBI intervention and had well established markets in EU. This limited the contribution that the ECP training programme could make for these companies. The companies themselves state that they entered the ECP with the expectation that they would get additional buyers with the help of CBI (matchmaking), but since this was not included in the ECP, the companies felt there was not much to gain from this programme (see Table 3.7).

Table 3.7: Reasons given for the cases in which the ECP had only limited contribution

| Company | Sector | Reason |
|---------|----------------------------|---|
| P2 | Engineering Products | Problems due to lack of motivation to export, satisfied with domestic demand, and the company also faced internal management problems |
| P7 | Pipe and process equipment | This was already a big company exporting to non-EU nations. Entered the CBI Programme in search for EU customers. But did not find any help from CBI since they belonged to specialized industrial segment which was not in the list of industries covered in the programme. "Wrong selection" by CBI |
| P9 | Engineering Products | The company had large domestic market for "regular gear boxes". It was exporting even before CBI. It had entered the programme to look for customers for its "specialized gear boxes" which did not happen. Case of "wrong selection". |
| P12 | Mobile equipment parts | Satisfied with domestic demand. Could not convert export orders into sales due to mismatch between the goods produced and the goods demanded. |
| P14 | Engineering Products | Found that the programme was more suitable for companies who have not had an exposure to EU markets rather than their company. |
| P18 | Mobile equipment parts | Problem of low import demand for their product as the product was voluminous in nature. |
| P21 | Pharmaceutical products | Lack of certification was a huge problem |

Source: Qualitative Interviews of Companies

Table 3.8: Summary of reasons for not benefitting from CBI Programme

| Company | Lack of motivation/satisfied with domestic demand | Management Issues | Lack of customer base/mismatch (product and | More suitable for start-ups | Certification Issues |
|---------|---|-------------------|---|-----------------------------|----------------------|
| | | | | | |



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| | | | demand mismatch) | (wrong selection) | |
|-----|---|---|------------------|-------------------|---|
| P2 | √ | √ | | | |
| P7 | | | √ | √ | |
| P9 | | | √ | √ | |
| P12 | √ | | √ | | |
| P14 | | | | √ | |
| P18 | | | √ | | |
| P21 | | | | | √ |

Source: Qualitative Interviews of Companies

3.3 Assessment of Relevance

The important constraints for export development of Indian companies (as discussed in Section 2) are related to access to imported inputs at competitive prices, costs, availability and quality of transport infrastructure, and services, certification, technical standards, getting information about the European Union market, identifying the potential markets and buyers, meeting EU buyer requirements, access to trade finance, and stricter regulation regarding the labeling and packaging of the goods.

A comparison of perceived barriers to export with the activities delivered within ECP training will help in making an ex-ante judgment of the relevance of ECP. An entrant into foreign market faces both demand as well as supply side constraints. The perceived export barriers by the interviewed companies are in line with those mentioned by World Economic Forum (WEF) report.⁴⁴ Apart from these, some other obstacles as identified by the companies consist of problems arising due to inability to relate with the EU buyers (the Indian companies found it difficult to convince EU firms to do business with India and/or were unable to understand the EU business culture), inability to produce bulk orders, not spending on export marketing, problems arising from lack of communication with the foreign buyers, facing price competition from China for their products, and other infrastructural constraints.

Many of the export constraints as mentioned by the WEF report and the companies interviewed also match with those identified by the Engineering Export Promotion Council, India that was interviewed (as a part of the stakeholder analysis). Triangulation of these sources helps in identification of the most important export constraints faced by Indian companies as listed below (not in any specific order).

- Lack of competitive pricing
- Problem of identifying the potential buyers
- Lack of adequate finances
- High transportation costs (and delays in shipping)
- Difficulties in meeting quality/quantity requirements of the EU buyers
- Problems faced in entering the EU markets
- Complex government regulations and tax structures

⁴⁴ World Economic Forum's The Global Enabling Trade Report 2014.



The ECP training programme specifically addressed three of the above mentioned constraints (problem of identifying the potential buyers, meeting quality requirements of EU buyers and gaining entry into EU markets) as is evident from the analysis of company interviews. The ECP training aimed to help in identifying the potential buyers through providing information on opportunities, customer needs and preferences, product standards and market requirements in the EU through exports audits, distance guidance and EXPRO seminar training. The ECPs provide information on product and process quality requirements in EU through Technical Assistance Missions conducted by sector experts. Some of the companies that we interviewed (P3, P4, P5, P6, P8, and P11) were able to improve upon their products by making use of the technical advice and hence were able to get a better access to EU markets. These experts also advised on the certification requirements for a firm to be able to get a market in EU. However, most of the expert advice received by a company dealt with informing the company on the significance of obtaining CE marking and certification and in the ECP during the evaluation period there was no further assistance with certification, e.g. providing any financial assistance in obtaining this certification (which was expensive for most of the companies). For example, the two pharmaceutical companies that we interviewed differed in their performance with regard to the EU GMP specifications. The participant P19 which was able to get this certification benefitted a lot more from the CBI ECP as opposed to P21 who found it expensive to get this certification on its own.

The entry into EU markets also came through the participation in trade fairs where the companies participated under the CBI banner. This helped in alleviating the “trust” issue which was a major constraint faced by the Indian companies as now being supported by CBI made them trustworthy for EU buyers. Three (P5, P16, P17) out of the 21 participants suggested that being under CBI booth helped them in gaining the trust of the EU buyers.

For the remaining constraints, the ECP could not be of much help. The Indian goods faced extreme price competition from Chinese goods. China was able to supply required EU standards at competitive prices and hence the EU buyers went for Chinese goods vis-à-vis Indian goods. However, this was not reported to be a major concern by most of the companies that were interviewed. Only three⁴⁵ participants stated this as a hurdle to their exports.

Another concern was the lack of adequate finances which restricted the exports of Indian companies. In fact lack of access to sufficient funds was quoted as a hurdle by 4⁴⁶ out of 21 participants. This was truer for start-up companies. However, there was nothing inherent in the ECP training that could help the Indian companies address this barrier (often prerequisite for export activities). In fact in this area, the Indian SMEs got help from the EEPC India who helped them in timely availability of finance because of its associations with financial institutions.

The ECP does not address the issue of high transportation costs which are caused by the physical distance to large and advanced markets such as the US and the EU and high port charges for the export of value added goods. This was a major concern for SMEs with voluminous products and they faced huge losses due to shipment delays. Higher costs are also induced due to searching and meeting potential buyers. This constraint cannot be lifted by CBI ECP.

The ECPs also helped the companies in formulating a well-developed export marketing strategy which is still being used by Indian SMEs even after the end of CBI ECP training.

⁴⁵ P5, P10, P15

⁴⁶ P1, P2, P6, P8



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Ten⁴⁷ out of the 21 participants mentioned still use the export marketing plan developed with the help of CBI.

So though the ECP did help in addressing some of the export barriers that Indian companies faced, there were several other important constraints (adequate financing, complex government regulations etc.) that were not within the purview of CBI but were prerequisites for export activities.

3.4 Assessment of Additionality

This section reviews whether ECP provided additional inputs and services that the company could not get from the market or other institutions in India.

The concept of additionality in its most basic form refers to the extra outcome of an intervention as compared to what would have occurred without this intervention. It refers to 'the specific inputs and services that (non-market) institutions provide in addition to those delivered by the market or the institutional framework in place.⁴⁸ Additionality means that the services are complementary to, and not substitute for, what the market or other similar institutions are already providing.

In order to understand what the additionality of ECP training was – it is important to assess what were the alternatives of the ECP assisted companies to develop their export potential (see Table 3.9). This would require information on the type of export assistance the market and other institutions were offering in the intervention period and to what extent did the Indian SMEs had access to such assistance.

Table 3.9: Other actors vis-à-vis CBI

| Company | Actors | Barrier addressed | CBI Substitute or Complement | Niche role of CBI |
|-------------------------------|---|--|------------------------------|---|
| P3, P5, P6, P8, P10, L26, L29 | EPEC (Engineering Export Promotion Council) | Exhibition participation | Complement | CBI reputation pulling in customer visits, CBI training more structured |
| P3, P11 | ITPO (India Trade Promotion Organization) | Exhibition participation, market information, export strategy, market access | Complement | Focus on EU specific trade fairs |
| P2 | AIEMMA (All India Electric Motor Manufacturers Association) | Promote interests of SME electrical motor manufacturers | Complement | |
| P4, P17 | Other Trade Fairs | Exhibition of their products | Complement | CBI fair had more space and |

⁴⁷ P1, P5, P6, P8, P10, P13, P16, P17, P18, and P21

⁴⁸ IEG (2008), Independent evaluation of IFC's development results 2008: IFC's additionality in supporting Private Sector Development, Washington D.C.: Independence Evaluation Group World Bank.



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| | | | | |
|------------------|--|---|------------|--|
| | | | | more no. of visitors. |
| P4, P5, P15, P21 | Indian Export Promotion Councils | Helps in certification, subsidized trade fair participation | Complement | Trade fairs in EU |
| P16, P18, L29 | UNIDO (United Nations Industrial Development Organization) | EU plant visits taught operational aspect | Complement | Helped develop marketing skills |
| P17, P18, L29 | CII (Confederation of Indian Industries) | Exhibition participation | Complement | Focus on EU |
| P18, L29 | ACMA (Automotive Component Manufacturers Association) | Subsidized booth | Complement | CBI services more personalized |
| P19 | AIFACS | Provides market information | Complement | EXPRO training, trade fair participation |
| L28, L29 | Local Chambers of Commerce | Provides a platform to meet potential customers | Complement | CBI programme more structured |

Source: Qualitative Interviews of Companies

We find that the SMEs in India had exposure to several market institutions which provided them assistance in export promotion at a time when the CBI interventions started. These institutions assisted the SMEs in terms of providing market information, subsidized trade fair participation, certification, and conducting actual factory visits in EU which helped in developing the operational skills of the companies. As can be observed from Table 3.9, CBI also provided help in most of these aspects. According to the companies, CBI's assistance was complementary to what the other existing market institutions could provide.

However, there were a few constraints which only the existing market institutions addressed and the CBI did not. For example, a major constraint that limits the exports of SMEs is access to finance (see Section 3.3). The Indian SMEs face problems arising from lack of funds to finance their export promotion activities. We observe from Table 3.10 that the Export Promotion Councils does help in timely availability of finance to Indian companies to enable them to build their export competitiveness to the EU and CBI's financial assistance is only limited to subsidized trade fair participation and market information.

Table 3.10: Comparison of activities of stakeholders with CBI



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| | Stakeholder Activities | CBI Activities |
|---|--|--|
| Engineering Export Promotion Council (EEPC) | Organizes seminars and conferences on a regular basis both in India as well as abroad on a wide range of topics. EEPC advertises its member companies before any trade fair participation. | Organizes sector specific technical assistance to SMEs after judging their export readiness through audits. It helps them to venture into EU exports market. |
| | Sponsors on a regular basis visit of multi-product Trade Delegations to identified market overseas on a "first come first serve basis". The aim is to foster closer cooperation to promote strategic alliances and Joint Ventures with overseas companies. | All the CBI assisted companies get to attend three trade fairs along with CBI which follows a training session at Rotterdam. |
| | Does matchmaking. Identifies and recommends the member company to the concerned buyer. | During the evaluation period, matchmaking not part of the ECP in India. |
| | Helps in providing timely availability of finance to the companies through its association with government banks and EXIM bank. It also helped in providing subsidized machines for the companies. | Financial assistance to companies is limited to the extent of subsidized trade fair participation. |
| The Netherlands Embassy | Helps in providing market information. NIFA, Netherlands is targeting sectors for exports from India, e.g., ICT, Generic drugs, Chemicals etc. | Handholds companies selected into the programme, with manufacturing outsourcing potential for Dutch/EU manufacturing sectors such as Pipes and Process Equipments, coaches them to use web resources to obtain and analyze information and prepare a strategic plan based on it. |
| | Does not provide Export Coaching for SMEs from developing countries. | Conducts ECP and other programmes to facilitate imports into EU. |
| | Is into matchmaking. Is the Center of excellence for Dutch companies. Indian partners identified through Indian chambers of commerce, for selected sectors such as specialized agricultural machinery. | During the evaluation period, matchmaking not part of the ECP in India. |
| | Provides seminar trainings but CBI network not tapped into. | Provides specific seminar training for ECP. |

Source: Qualitative Interviews of Stakeholders

Next, follows a discussion on how the ECP interventions relate to the export development tools on offer by the institutions in India, at the time of intervention.



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There were many different types of export development services and subsidies that were provided by the existing institutions in India at the time of CBI intervention.

- Technical Assistance by external consultants (audits and distance guidance)
- Training (includes seminars and workshops)
- Market entry (preparing a company for trade fair participation and also providing assistance in matchmaking)

Conducting export audits to judge the export readiness of Indian companies was unique to CBI. From the stakeholders interviews conducted we can observe that except for EEPC, India, other trade promoting organizations did not provide any individual company coaching. Within EEPC also the company audits were conducted more for their own purpose to verify the financials of the companies; to see if the companies are not forging their numbers and was not related to judge the export potential of the companies. In CBI ECP programme there is sector specific advice given to the companies from expert consultants. The mentorship offered by EEPC is not directly geared to EU markets and is normally focussed on general business development. The approach of CBI consultants was to provide solutions to non-sector-specific problems along with the sector specific constraints faced by the respective companies.

EXPRO

Workshops, seminars arranged for potential exporters have been available in India (organized by UNIDO, Chambers of Commerce). However, these were too generic and did not provide enough in-depth sector specific knowledge and skills (Source: Qualitative interviews of companies). Moreover, the focus of some workshops was totally different from that provided by CBI. For example the workshops by UNIDO⁴⁹ helped the company develop its manufacturing skills. The companies were made to visit actual factory sites in EU to make them aware of actual work conditions in the EU. The focus of CBI was to build the marketing skills of a company by making it prepared to venture the EU markets.

The EXPRO training in Rotterdam, in the Netherlands provided additional information to what was already available to the Indian companies. The programme was well structured with dedicated faculty members who attended to the queries of the Indian SMEs. The courses were unique and focussed on each sector and EU-market specific topics (Source: Qualitative interviews of companies). The companies interviewed appreciated⁵⁰ the following activities:

- Developing an export marketing plan
- Learning how to exhibit in an exhibition (how to present oneself and his products, how to deal with prospective buyers) by visiting a trade fair.
- Learning about the EU markets (sector specific experts provided guidance on improving the products)
- Market orientation activities: visit to trade fairs

EEPC provides assistance in similar manner to Indian companies by keeping them abreast of opportunities abroad via dailies and magazines, helping them in financial assistance, and

⁴⁹ The CBI training helped in improving the marketing skills of Indian companies whereas the UNIDO workshops helped in developing the operational skills of Indian companies.

⁵⁰ 17 out of 21 participants (P1, P2, P3, P4, P5, P6, P8, P10, P11, P13, P15, P16, P17, P18, P19, P20, and P21) found the programme to be well structured and extremely useful for their company.



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providing subsidized trade fair participation. However, the assistance is not specifically targeted to the EU region and is more general.

Trade Fair participation

Sector export councils and various chambers of commerce provide assistance in trade fair participation for Indian SMEs. The EEPC and the Maratha Chambers of Commerce also goes one step ahead of CBI in terms of arranging for match-making activities such as organizing B2B meets. The EEPC covers most of the company's trade fair participation costs (including location, stand, travel costs and daily allowances). CBI, on the other hand, requires participants to cover their own travel costs and for second and third participation pay partially for the stand and location. This was one of the reasons as to why some companies could not associate themselves with CBI as they found even this subsidized participation to be expensive for them. However, the general consensus among the companies who participated with CBI trade fairs was that the assistance provided by CBI is more personalized than the local assistance provided to them. The consultants also provided advice on liaising with business contacts, understanding the EU business culture, and styling of stand and product display.

3.5 Conclusion

The five year integrated export training provided by the ECP was found to be unique to the Indian companies. These companies find difficulty in arranging for investments in export development. So a programme like ECP is useful for them. The ECP provides assistance in making the companies who have the export potential to be export ready and enter the market. The existing institutions in India do provide some of the services as provided by the CBI. However, it has a more general approach and is not specific to the EU markets.

In order to evaluate the "relevance of the programme" we need to suggest if there were any key barriers to export for supported Indian companies that were addressed by the ECPs and if the objectives of the CBI programme could have been achieved through other means, e.g. direct support of export promotion agencies in India (either initiated by the private sector or through government). The company interviews conducted suggest that the CBI ECP programme helps in overcoming a few of the export barriers that Indian SMEs face in terms of alleviating the problem of identifying the potential buyers, helping in meeting quality requirements of EU buyers and gaining entry into EU markets. However, it should also be noted that although the ECP provided assistance in addressing some of the export barriers that Indian companies faced, there were several other important constraints (adequate financing, complex government regulations etc.) that were not within the purview of CBI.

The additionality of the CBI ECP training comes from its sector-specific approach and continuous guidance of a sector expert throughout the duration of the programme. The interviewed CBI assisted companies were of the opinion that the services of CBI are complementary to those provided by the local market institutions. In fact the companies who participated under the CBI booth also suggested that the assistance provided by CBI is more personalized than the local assistance provided to them. The sectoral experts provided guidance on understanding the EU business culture, participating in trade fairs and in general improving the acceptability of Indian products in EU markets.



4. Effectiveness

4.1 Introduction

This section focuses on the effectiveness of the CBI's export coaching programme in India. The assessment focuses on the extent to which the ECP has been able to alleviate export hurdles and aided in the realization of exports by MSMEs.

4.2 Effectiveness

The impact is assessed in terms of (a) export competencies gained by CBI assisted companies (intermediate outcomes) that have helped to alleviate hurdles to exporting that they faced as a result of the CBI-ECP modules, and (b) increased exports to EU (outcomes). Also assessed is the extent of spillovers gauged mainly by the increase in exports to non-EU areas arising from CBI-assisted activities. Finally, sustainability of the outcomes is also assessed. If effects are sustained in any CBI-assisted company, then higher exports would have attendant effects on value added and employment.

4.2.1 Effectiveness on relieving export constraints

The export coaching programme in India has alleviated several key export constraints (see Figure 4.1) faced by the CBI assisted companies.⁵¹ The top five hurdles mentioned by CBI companies are market information, lack of export strategy, trade environment (mainly, transportation and transport costs), market entry, and market access. Other export hurdles are stated to be – lack of ability to relate to the EU buyers, not knowing how EU companies conduct business, trust building with potential customers, having local representatives in destination markets, price competition from Chinese companies, communication infrastructure, and, receiving bulk orders beyond production capacity.

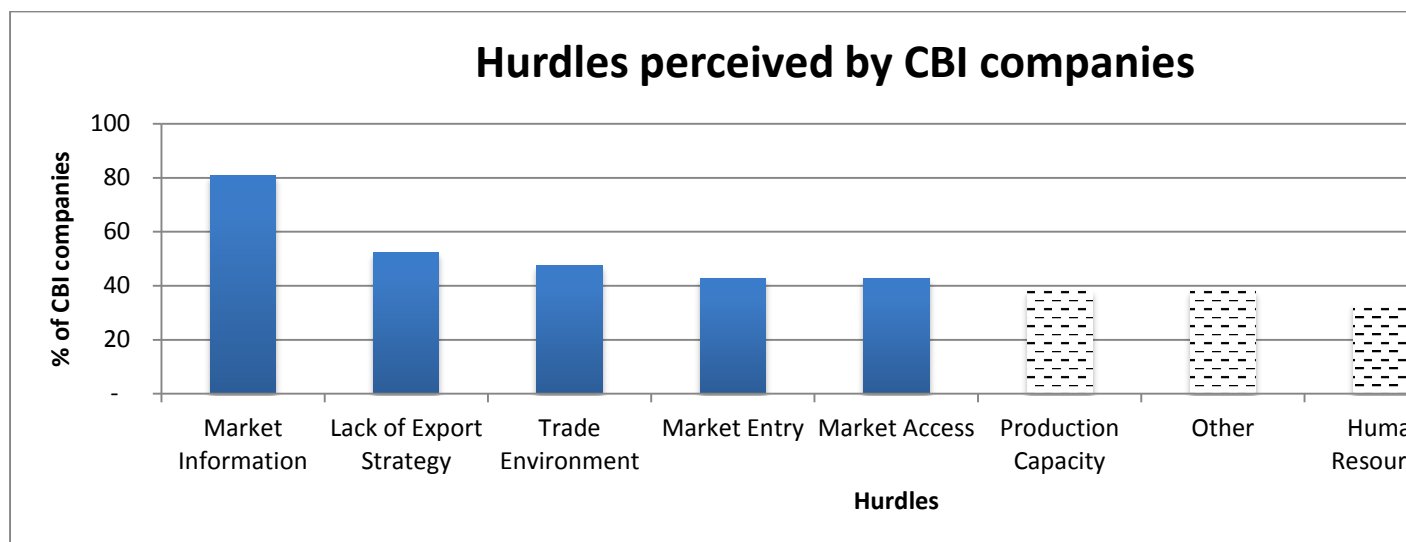
The results from the case studies have been collated to depict the overall picture across companies. While examining the results, it needs to be noted that the sample size of about thirty companies is small, and the results are valid for the case companies and broadly representative of the two states of Gujarat and Maharashtra where these companies are located.

⁵¹ The hurdles mentioned by the CBI companies are slightly different from the hurdles faced by companies, in general, mentioned in Section 2.5.3. This suggests that the CBI companies in Gujarat and Maharashtra were different from the average Indian company. This is not surprising since CBI followed a set of criteria to select the companies. Therefore, the hurdles mentioned in Section 4 need not be the same as those mentioned in Section 2.



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Figure 4.1: Top Five Export hurdles as perceived by CBI assisted companies



Source: Qualitative Interviews of Companies

These hurdles have a resonance in those faced by comparable companies not assisted by the CBI, henceforth called “non-CBI” companies.⁵² These “non-CBI” companies are counterfactuals in the sense that the participant companies identified these as being comparable to them and provided their names. These also find market information, lack of export strategy, trade environment and market access among their top five export hurdles. However, their top hurdle is trade environment. The export hurdles faced by the CBI assisted companies in India are also corroborated as those being among the main constraints to exporting by manufacturing companies in India (see Section 2, Table 2.6).

The modules of the CBI-ECP that address the above export hurdles are listed below:

Table 4.1: Perceived export hurdles and CBI-ECP Modules

| Perceived export hurdle | CBI-ECP Modules addressing the export hurdle |
|---|---|
| Lack of market information | Export audit, distance guidance, EXPRO seminar |
| Lack of export strategy | Export audit, distance guidance, EXPRO seminar (Export marketing plan) |
| Trade environment (transportation, transport costs; country reputation) | CBI Booth at trade fairs (addresses the possible negative impact of a country’s reputation, e.g. Indian products being associated with cheap and low quality) |
| Market entry | EXPRO Seminar (trade fair preparation) |
| Market access | Export audit, TAMs (product and process certifications) |

⁵² There were only 4 such companies; hence, even though we make a reference to what we found for them, we cannot make any inference about the significance of their hurdles.



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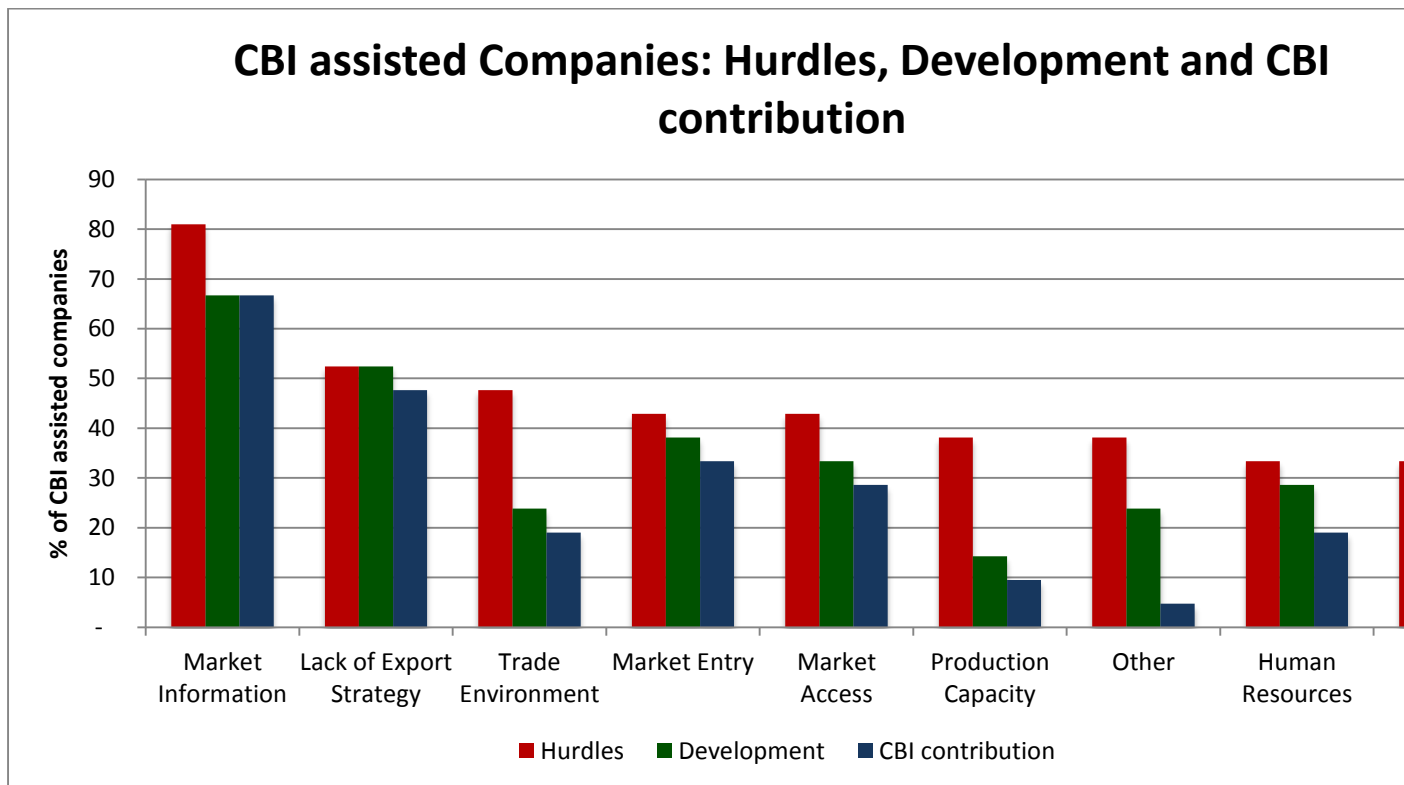
| | |
|---|---|
| Production capacity | - |
| Others (how is business conducted in the EU, how to build “trust” with EU companies; price competition from Chinese goods etc.) | Export audit, EXPRO seminar training; participation in trade fair under CBI booth |
| Product quality | TAMs |
| Human Resources | Export audit, TAMs, EXPRO, trade fair participation |

Source: Qualitative Interviews of Companies

How far are the export hurdles addressed and alleviated by participation in the CBI-ECP? The export hurdles which saw improvement are market information, lack of export strategy, market entry, market access, product quality and human resources.

Figure 4.2 shows the extent of alleviation in the hurdles as well as the CBI contribution to the alleviation in export hurdles. Of the CBI-ECP participants, eighty one percent found market information about the EU (knowledge of opportunities, customer needs and preferences, product standards and market requirements in EU) as a hurdle to exporting (the red bar). The ‘market information’ hurdle was alleviated for sixty seven percent of CBI companies (the green bar). Thus, all the companies for whom this export hurdle has been relieved attribute this alleviation to CBI-ECP contribution (the blue bar). Thus, the CBI contribution to alleviating the export hurdles appears to be quite high.

Figure 4.2: Export hurdles alleviated and CBI contribution as perceived by CBI assisted companies interviewed





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Notes: Numbers on top of each bar give the number of companies.
Source: Qualitative Interviews of Companies

Table 4.2 shows the percentage of CBI assisted companies who perceived a particular export constraint to be a hurdle (column 2), the development or alleviation in that perceived hurdle (column 3), and the CBI contribution to the alleviation/relieving of that export hurdle (column 4). The last column expresses the percentage of companies that attributed CBI contribution to relieving the export hurdle as a share of the percentage of companies that saw improvement or alleviation in the export hurdle. This ratio gauges the extent of contribution of CBI in relieving the export hurdle across the CBI assisted companies that do find that specific export hurdle to be a hurdle for their company.

According to Table 4.2, improvement in the export market information hurdle is entirely due to the CBI-ECP followed closely by export strategy, market entry, market access, product quality and trade environment.

Thus, the evidence from the case studies from Gujarat and Maharashtra indicates that the CBI-ECP has contributed to reducing the export hurdles faced by SMEs in these two states of India. However, a part of this could be that the companies were better able to comprehend what it takes to export without necessarily being able to achieve significant improvements in exports.

Table 4.2: CBI-ECP Contribution to Alleviation of Export Hurdles

| Hurdle Name | Number (%) of CBI assisted companies | | |
|-------------------------|--------------------------------------|---|--------------------------------|
| | Perceived it as a hurdle | Found alleviation in this hurdle ¹ | Attributed to CBI ² |
| Market Information | 17 (81) | 14 (67) | 14 (67) |
| Lack of Export Strategy | 11 (52) | 11 (52) | 10 (48) |
| Trade Environment | 10 (48) | 5 (24) | 4 (19) |
| Market Entry | 9 (43) | 8 (38) | 7 (33) |
| Market Access | 9 (43) | 7 (33) | 6 (29) |
| Production Capacity | 8 (38) | 3 (14) | 2 (10) |
| Other | 8 (38) | 5 (24) | 1 (5) |
| Human Resources | 7 (33) | 6 (29) | 4 (19) |
| Product Quality | 7 (33) | 7 (33) | 6 (29) |

Notes: 1 Gave a + or ++; 2 Gave a 3 or 4

Source: Qualitative Interviews of Companies

Below is a discussion on individual export hurdles.



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Market information (knowledge of opportunities, customer needs and preferences, product standards and market requirements in EU)

Most CBI assisted companies as well as the non-CBI companies found this to be a big hurdle. Information about demand and potential customers in EU is not easily available. As one company put it, even via the web, the different world-wide web nomenclature (not dot com) followed in the EU can make it difficult to search and collate information. The CBI assisted companies found the CBI website, distance guidance and the EXPRO seminar quite useful in that these provided a lot of information about the EU and how business is conducted in the EU. The handholding by CBI consultants in India and in Rotterdam helped overcome a “mental block” about being able to export to the EU.

Lack of Export Strategy

Over half of the CBI assisted companies had found this to be a hurdle. The CBI-ECP guidance addressed this; the companies could use the market information, understand the process and product requirements and align their production to these EU requirements (TAMs), and develop an export marketing plan. The export marketing plan could set out the direction to go into and the roadmap for it, for example, whether OEM customers should be targeted or the “repairs” market, whether direct selling to companies or appointing dealers in EU should be adopted. CBI assisted companies find that the handholding via export audits, distance guidance and TAMs is very useful in developing an actionable export plan. The handholding imparted confidence to the participants that they had lacked without CBI. They could “dare” to think about export marketing with CBI guidance.

Market entry

Exhibiting through trade fairs is a useful way to generate customer enquiries and address preliminary queries. The EU trade fairs are international in participation and customers from both EU and non-EU areas attend. For several CBI assisted companies, the choice of entry into the EU via exhibiting through trade fairs in the CBI booth is successful. One “leaver” company, however, found the space offered to be limiting for a larger company like itself. Also, it felt that going with CBI to a trade fair might signal that the company was small and cited this as a reason for leaving the programme.

As a dynamic process, attending international trade fairs has provided CBI companies a chance to see the products offered by the competition and judge their own products’ competitiveness. One respondent in particular shared that his company incorporates features found in competitor products in their own, improves them, tests them and takes it to the market. The importance of continual upgrading of the products has led the company to have its own testing capability as well as using test results from independent sources.

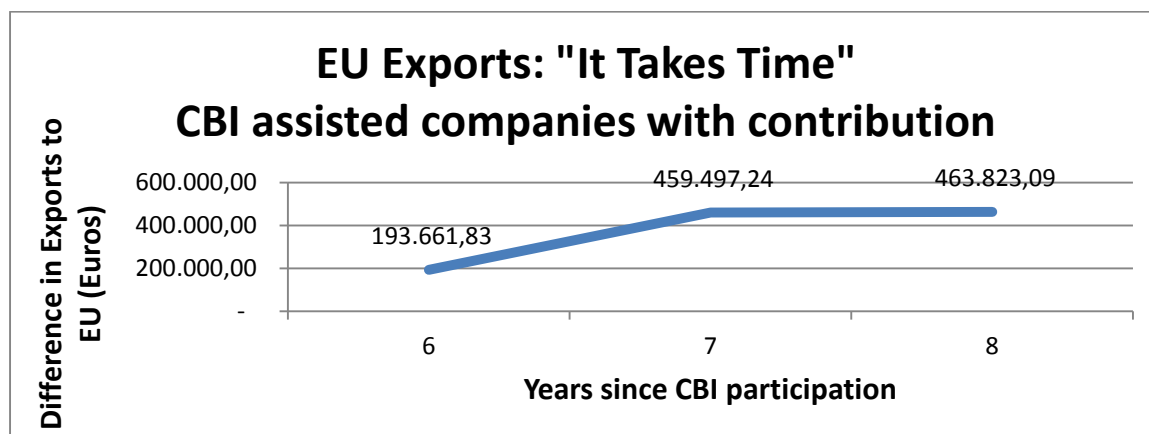
It is found that CBI companies who attended the CBI suggested trade fairs received enquiries from both the EU and non-EU customers. Of these, lesser EU enquiries are converted into export orders. It takes more time to convert the EU customer enquiries into export sales, as per the CBI assisted companies (see Figure 4.3). The CBI assisted companies reported that even after making changes to product design, aesthetics and finishing (according to EU requirements), obtaining certifications and exhibiting products, it takes time to convince potential EU customers. Inexperienced EU customers are seen to remain sceptical about the quality of the product, the Indian company’s ability to keep its commitment to delivery schedules and, hence, the development of a relationship with the prospective EU buyer takes time. In other words, companies find it difficult to earn the EU customers’ trust to be able to generate sizeable orders. However, once orders are generated and performance of the product, as well as of the company, is established, repeat orders materialize. Therefore, it may be a good idea to be patient with the realization of outcomes from the CBI training.



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Figure 4.3 shows that for the CBI assisted companies which attribute export performance to the CBI-ECP, there may be some relationship between EU exports and years elapsed since participation, although the fluctuations across a trend-line are quite large. The figure indicates that as the years since participation rise, the exports may rise also.

Figure 4.3: Difference in Exports (After-Before) - CBI assisted companies with CBI contribution (score of 3 or 4 out of a maximum of 4)



Source: Qualitative Interviews of Companies

This graph shows the average of EU exports of CBI assisted companies which have completed certain number of years of participation. For example 6 shows the average of 3 companies: P15, P16, P19 which have completed 6 years since participation. Similarly 7 has 1 company: P18 and 8 has 6 companies: P1, P5, P8, P10, P13, P17

Market access

The need for certification, especially for the EU markets, is a big learning point for the companies interviewed. About fifty percent find this to be an export hurdle and made securing appropriate certifications a priority after participating in the CBI-ECP. The bigger companies could secure EU-specific product certifications such as CE Marking or EU-GMP faster than the smaller companies, for example, within 'pipes and process equipments' sector, a small company took five years to secure CE Marking whereas bigger participants obtained it in less time. The former had to improve their production processes, factory premises hygiene and housekeeping in order to advance towards obtaining CE Marking. Their exports to the EU got a boost after the CE Marking was obtained. Other small companies are still struggling to overcome this hurdle and their export performance reflects this gap. Similarly, in the pharmaceuticals sector, one participant could obtain EU-GMP certification for their company while another could not. The exports to EU by the former company with EU-GMP exceed that of the latter without EU-GMP. Further, exports to non-EU areas are also larger for the EU-GMP company as EU-GMP is perceived to be a sign of quality by non-EU customers also.

Product quality and design

Six out of 21 CBI assisted companies find the technical assistance missions (TAMs) to be useful in helping to make their product meet European expectations. There is an emphasis on aesthetics of the product, especially in product designing and finishing. This helped some participant companies who could adapt, exhibit, and succeed in getting more EU orders.



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Trade Environment (Shipping delays and costs; country reputation)

This hurdle includes transportation, transport costs, country reputation, exchange rate, currency convertibility etc. The biggest of these is transport costs and transport time and this is especially true for products with large volumes. For sectors such as 'pipes and process equipment,' castings and forgings,' 'engineering products' and 'mobile equipment parts' transport costs are huge and at times as much as the cost of the product, making it prohibitive to export to the EU. One such company plans to acquire a company in Europe to cut on transportation costs. Another company was advised by CBI-ECP to have another line of products which is smaller and more easily exported to the EU.

A related obstacle is transportation time which makes response time longer. Some CBI assisted companies in India have European customers who have a two-week schedule for orders. However, while the Indian suppliers are able to manufacture products as per specification, they are unable to ship them within two weeks, typical time taken reportedly being a month. Two companies, P4 and P5, strongly advocate the enabling of shared warehousing facilities in Europe to meet their customers' production and inventory schedules. They feel that CBI could help in getting abandoned factories in The Netherlands to operate as warehouses for Indian exporters.

Another obstacle is the country reputation. According to companies interviewed a big hurdle is "India" country reputation wherein Indian manufacturing is associated with being "cheap" and of lower quality. Being part of the CBI helped to partially overcome this adverse tag.

Production Capacity

Most CBI assisted companies have enough production capacity to service export demand. Some successful ones find that they have enough export demand, due to production capacity being fully used, and do not need more orders. Some find their smaller scale (limited factory size) to be an obstacle to obtaining the CE marking. Some companies got bigger manufacturing premises while they were also participating in the CBI-ECP.

Human resources

The employees of several CBI assisted companies are trained via the TAMs and with the EXPRO materials such that the emphasis on quality and the export marketing skills are learnt across several persons in the company. Indeed, in all firms, other employees were trained by the person(s) receiving training from CBI.

Others

Other export hurdles are stated to be – lack of ability to relate to the EU buyers, not knowing how EU companies conduct business, trust building with potential customers, having local representatives in destination markets, price competition from Chinese companies, communication infrastructure, and, receiving bulk orders beyond production capacity. The export audit, EXPRO seminar and the trade fair participation help to understand the EU customers' requirements and how to conduct business with them.

4.2.2 Effectiveness on export turnover

Exports

Data collected from the CBI assisted companies and non-CBI companies on exports before, during and after participation in CBI-ECP are presented below. However, data are missing for several companies. EU Export data are available for sixteen companies, which have been classified as before participation data (baseline 2004-05) and after participation data (for endline 2013-14). The difference in exports is calculated for EU countries and non-EU



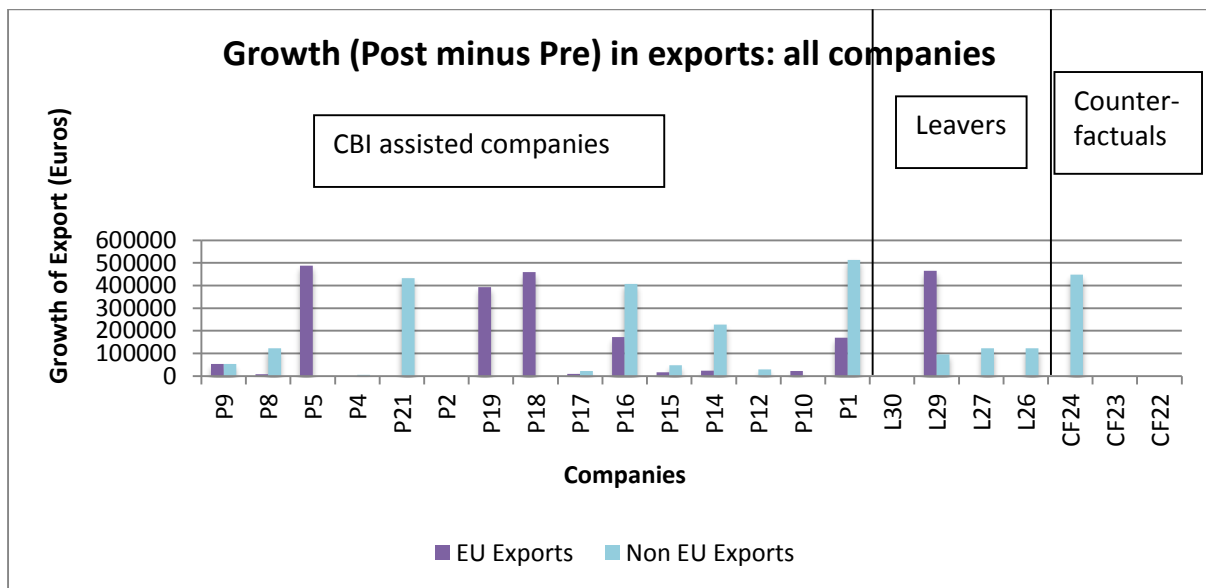
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areas. The additional exports during and after the CBI-ECP are depicted below in figure 4.4 (outlier companies and those with missing data (i.e. companies P3, P6, P8, P10, P11, P13, P17 and P20 are not included).

First, of the counterfactuals and “leaver” companies, only one company: L29 has experienced an increase in EU exports. Four out of nine⁵³ companies have seen increase in non-EU exports.

Second, among the CBI assisted companies, increase in non-EU exports is greater than increase in exports to the EU. The change in non-EU exports are higher for P8, P4, P21, P17, P16, P15, P14, P12 and P1 as compared to change in EU exports.

Figure 4.4: Growth in Exports since joining the ECP of companies interviewed



Source: Qualitative Interviews of Companies

What was the contribution of the CBI-ECP to the increase in exports to EU? Figure 4.3 above show the increase in exports in CBI assisted companies who attribute the increase in EU exports to their participation in the CBI-ECP. The number of companies is small and the variation across companies in increase in EU exports large enough that these results are to be interpreted only in a qualitative way and broadly that exports to EU increased due to CBI-ECP participation for 13⁵⁴ (10 shown in the figure as data missing for remaining 3) of the number of CBI assisted companies (21).

A similar Figure (figure 4.5) for the non-EU exports of CBI assisted companies, who attribute the increase in Non-EU exports to their participation in the CBI-ECP shows that 13⁵⁵ (7 shown in the figure as for 5 companies data is missing and P13 excluded because it is an outlier) out of 21 companies experienced increase in exports to the non-EU area which they attribute to CBI-ECP. However, the CBI assisted companies with higher EU exports are not all the same ones who experienced an increase in non-EU exports. This can be seen in figure 4.4 as well where paired EU and non-EU exports are displayed. These increases in

⁵³ Data is available for only 7 out of 9 companies. The data includes even the companies having “0” exports.

⁵⁴ These 10 companies out of 21 have given a + or a ++ for rise in EU exports due to CBI

⁵⁵ These 13 companies out of 21 have given a + or a ++ for rise in Non-EU exports due to CBI

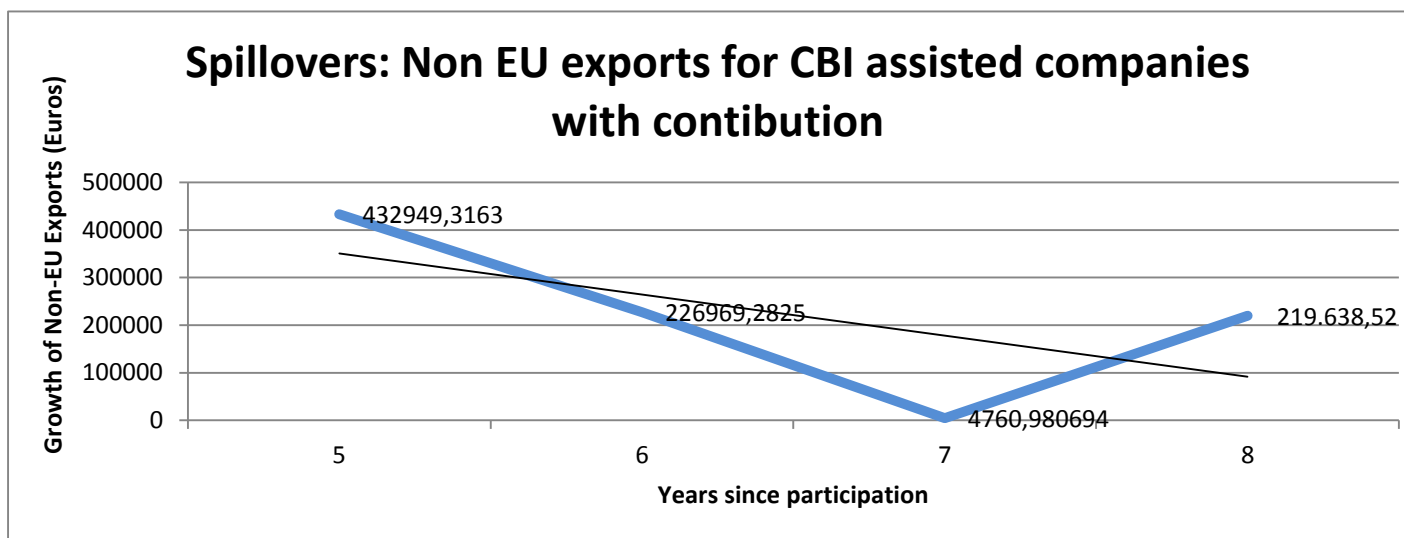


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non-EU exports are considered as CBI contribution, having arisen mainly from non-EU customers at the CBI booth in trade fairs and are therefore in the nature of spillovers.

An interesting point to note is that EU exports are increasing as years elapsed since participation (X-axis) increase. With time and experience of exporting, the increase in exports realized is higher. However, the same cannot be said for non-EU exports which decline for several companies with higher number of years since participation. These qualitative findings illustrated though figures support the claim by the CBI assisted companies that it takes time to build trust with EU customers and once achieved, the relationship sustains itself.

Figure 4.5: Growth in Exports to non-EU areas of CBI assisted companies, where CBI contributed.



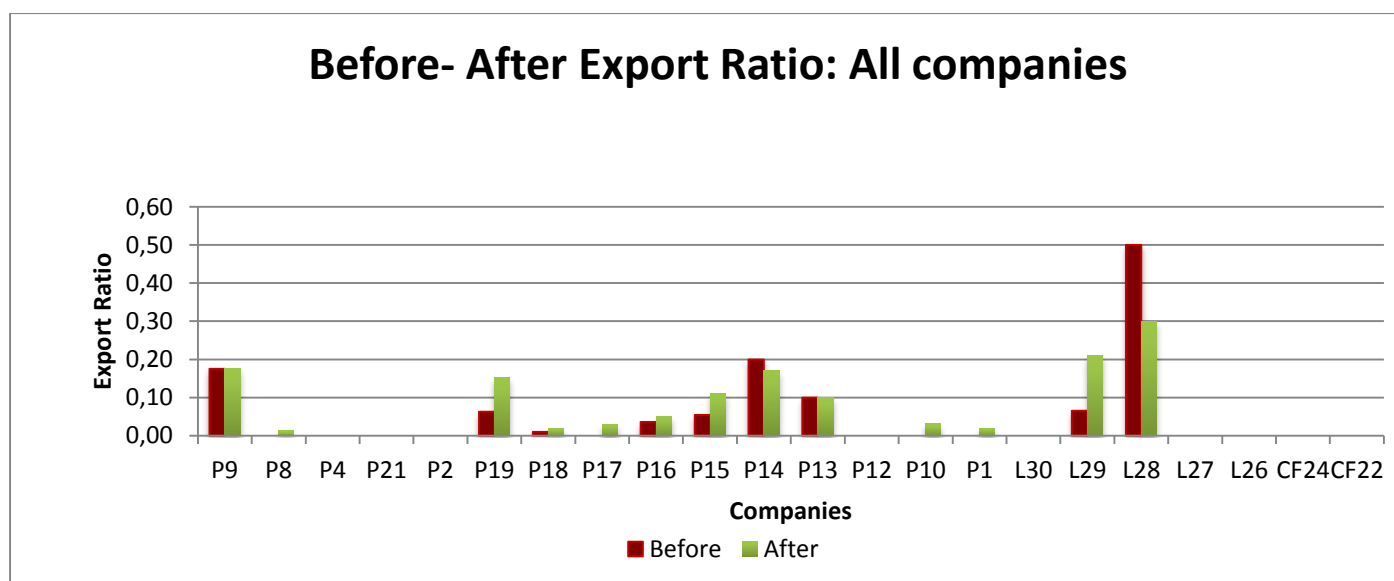
Source: Qualitative Interviews of Companies

This graph shows the average of non- EU exports of CBI assisted companies which have completed certain number of years of participation. For example 5 has 1 company: P21; 6 shows the average of 2 companies: P15, P16 which have completed 6 years since participation. Similarly 7 has 1 company: P4 and 8 has 3 companies: P1, P8 and P17

Export Ratio

To account for size, export ratio, that is, exports to turnover ratio is calculated before (baseline) and after (endline) participation in the CBI-ECP. Figure 4.6 shows that the export ratio for 8 of the participant companies is higher after participation (green bar) than that before (red bar). Moreover, comparing the difference in export ratio for CBI-assisted companies to that for counterfactuals indicates that the increase in export ratio is higher for many of the CBI-assisted companies.

Figure 4.6: Difference in Export ratio

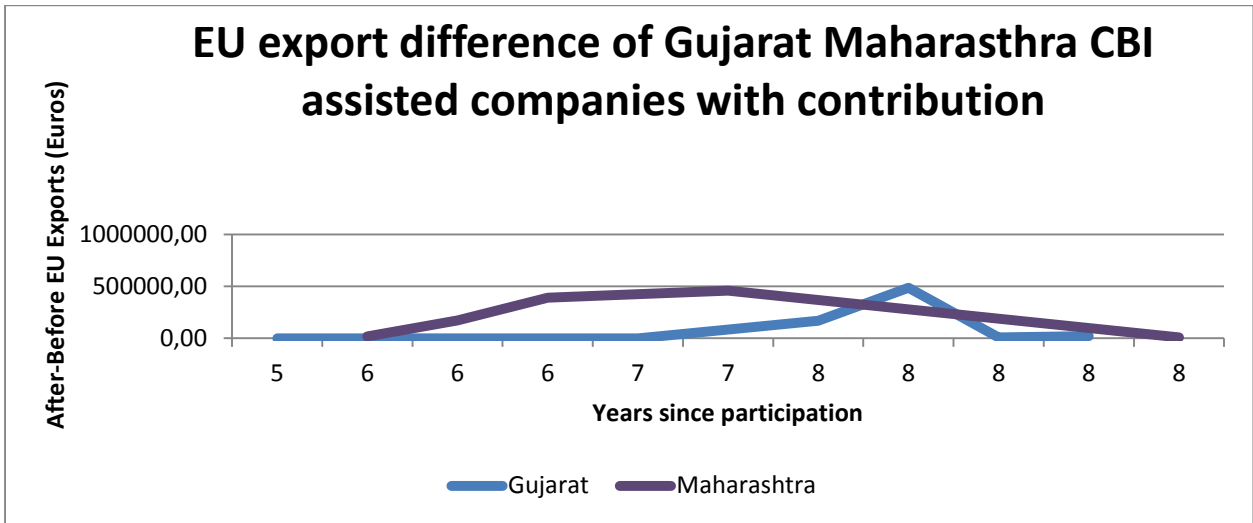


Notes: P3, P5, P6, P7, P11, P20, CF23, CF25 missing because of lack of data
 Source: Qualitative Interviews of Companies

Regional Variation across Gujarat and Maharashtra

MSME exports increased by companies located in both Gujarat and Maharashtra (Section 2). However, the increase, from 2001-02 to 2006-07, was more in Gujarat MSMEs. Figure 4.7 shows the increase in exports of CBI assisted companies with stated CBI contribution, for both states. Gujarat companies are broadly similar in export performance to those in Maharashtra, with Maharashtra companies doing marginally better.

Figure 4.7: Difference in Exports – Gujarat and Maharashtra



Source: Qualitative Interviews of Companies

4.3 Developmental relevance

To assess the impact of the ECP's on sustainable economic development, sustainable development is defined as a combination of economic growth and creation of jobs. Only the percentage of additional export turnover of which the value is added in the country increases the GDP. Moreover, only when the additional export turnover is not realised at the expense of another company whose idle resources are not reallocated to higher value added uses, it can be claimed that the additional exports contributed to sustainable economic development. Similarly, employment increase from the export activity that generates stable or durable jobs can be said to contribute to sustainable development.

Sustainability of exports

Positive indications for sustainability are increasing export volumes, increasing export shares of total sales over time, and also, the continued use of export competencies to enter the EU market (for e.g., the pursuit of EU certification, continued participation in trade fairs, continued follow-up with customers generating enquiries met during the trade fairs).

Negative indications for sustainability are irregular export turnovers, or even one-time exports, companies continuously facing cash flow problems, and companies that do not seem to be fully committed to exports, for instance because of being occupied serving the domestic market.

Based on the above factors, each company was judged to have "sustainability" or not. On this binary metric, sixteen of the twenty one companies are found to be on the path of sustainability. This includes one "leaver" company as well which benefitted from its participation in the CBI-ECP and uses the export marketing skills despite having left the programme without completing it.

Data on employment are few, however, some companies have experienced an increase in employment. Most companies have employment below 100, both before and after the CBI-ECP participation. One reason is that the companies are small to start with. Second, 100 is the threshold where Indian labour laws restrict retrenchment by requiring the company to get prior permission to retrench from the state government (rarely granted). This could dampen the increase in employment where the company might increase workforce to the extent demand is perceived to be stable.



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Government measures and BSOs

In India, both the central (federal) government and the state governments have programmes for supporting MSMEs in both production and marketing issues. There are export promotion councils such as the EEPC that organize fairs, facilitate participation by MSMEs in other international trade fairs, and enable B2B meetings among other things.

However, none of these could provide the detailed knowledge about the EU customer preferences, how to conduct business in the EU, how to present their company, how to follow up with potential customers; provide training and guidance both for production process and for export marketing targeted at the EU. It is these niche areas that make CBI-ECP intervention unique and useful. Thus, in the long run it might help to build joint programmes along with such business support organizations, especially local trade associations, to be able to spread the EU export marketing skills to a wider range of companies.

Netherlands Embassy in India

The Netherlands Embassy Economic Division is tasked with gathering and processing information, and, assisting Dutch businesses who wish to conduct business in India. Their target group is Dutch SMEs and assisting in exporting to India. So, their outlook is distinct from that of the CBI-ECP which promotes exports from India and other developing countries or imports to the Netherlands and the EU.

However, regardless of export performance, most of the CBI assisted companies talk in glowing terms about the CBI. There is a groundswell of support for the CBI and for the Netherlands among the CBI assisted companies in India. All of these have domestic businesses and quite a few have linkages with bigger suppliers. This network could be an asset that the Netherlands Embassy could tap into for their public diplomacy efforts.

However from a review of Embassy's strategic documents (e.g. multi-annual strategic plans) and an interview with the economic department of the embassy in Delhi follows that there is hardly any interaction between CBI and the Embassy beyond mere courtesy visits.



5 Discussion

In this evaluation an assessment has been made of the relevance, additionality, and effectiveness of the ECP program in India during the period 2005-2012.

The ECP program set up as a 5 year integrated export support package is unique for India, and the additionality of the ECP primarily constitutes of the sector specific approach in combination with the EU market focus, as well as the recurrent guidance of an expert throughout the program period.

Achievement: From the sample of assisted companies (21), 13 companies attribute their increase in EU exports to CBI intervention, and 13 companies attribute their increase in non-EU exports to CBI.⁵⁶ The CBI niche of the EU market and spillovers in terms of increased exports of CBI assisted companies to non-EU areas seem a contradiction. However, the increase in exports is a direct effect of the export competencies built by the CBI-ECP and of the EU trade fairs being international in nature and attracting customers from Asia, Australia, Africa, and the Americas. While enquiries are obtained from both EU and non-EU areas, export orders occur almost as much for non-EU areas as several of the CBI assisted companies have been in the process of acquiring the relevant product or process certifications to be able to sell within the EU. This has taken dedicated effort, time and money from the CBI assisted SMEs in Gujarat and Maharashtra. So, exports to EU have been slow in the beginning years of participation by a company.

The shortfall: The biggest perceived export hurdle of market information was alleviated for 14 companies, all of whom attributed the CBI-ECP for the improvement. Given the alleviation, why could the six additional companies not realize additional exports? For the other 7 companies also, the outcomes on exports have been disappointing.

One reason for this is that, although the ECP addresses some of the important export hurdles among assisted companies, it has not been able to alleviate other constraints -some of which are outside the sphere of influence of the ECP- which were binding for the company. In other words, there was ex-ante some risk that despite generating enquiries from potential buyers, export sales or expected effects would not be realized. One of such reasons is the transportation costs for voluminous items. One such company has concluded, after futile efforts at exporting, that it would be better to have a company in Europe itself to minimize this export hurdle.

The main reason learnt in India, is that it takes time to traverse from the state where key export hurdles are improved to the state where export sales to EU are realized. Intermediate steps include securing the necessary EU certifications (one company took about five years to do so and recently got an export order), regular contact with potential buyers via trade fairs and company visits, multiple interactions with the same potential buyers to establish a commitment to export and win their trust, and then finally getting orders. The successful⁵⁷ companies have indicated repeat orders from their EU buyers, indicating shaping of some linkages between Indian suppliers and the EU buyers.

⁵⁶ The companies are not in mutually exclusive groups; i.e., for some, exports to both EU and non-EU countries increased.

⁵⁷ 8 (P1, P6, P8, P10, P16, P17, P18, P19) out of 21 companies suggested that they were able to realize trade as a result of acquiring necessary EU certifications, maintaining regular contact with buyers, or multiple interactions with same buyers following CBI intervention.



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The learning: What does this imply for the program set up?

What works: The handholding via an intense five-year programme is successful for the companies where the export hurdles are alleviated. This review of Indian assisted companies provides the learning that the CBI-ECP delivers most added value, in terms of transferred knowledge and skills, to those companies that least have them. Among these, the success rate is high.

What's not working: There are others who are far less successful. The profiles of ECP assisted companies suggest heterogeneity: companies selected include export aware, export-ready, start-up exporters and global exporters. Then, however, the implication is that companies are in need of different types of services and interventions at different stages of their export development. The aim of the current ECP is to offer different types of services into one integrated program, notwithstanding the export developmental state. As said, these do not always correspond to the actual needs of individual participants; which often the more advanced companies indicate that they need at a more sophisticated level. The leaver companies from the programme, for instance, cited a mismatch of their expectations from the programme (match making or specific B2B meetings) with what it actually offered (market information about the EU, skills of developing an export marketing plan, making the necessary product improvements, exhibiting in a trade fair). Several companies stressed the need for more targeted technical (and monetary) assistance in securing the CE marking or EU-GMP certification.

It seems that the right problems were not always identified in the business audits; some companies were in need of a more effective market entry strategy, that could have been better served by linking them up to an EU-distributors/ joint selling, or searching for warehouse facilities in the neighbourhood of target markets in order to shorten delivery times. Also a mismatch took place between the selection of a trade fair and the company products/services in about three cases.

Suggestions: How could the program then become more effective? Based on the abovementioned, improved program delivery would ask for either allowing:

- 1) a more tailor made intervention approach better addressing the individual needs of companies in various export development stages⁵⁸, or
- 2) continuing a rather standardised service offer, while at the same time putting more effort in the selection of a coherent group of beneficiaries, or
- 3) an amalgam of the two – continuing the CBI niche of offering sector-level global best guidance and EU market focus and customizing it by training the business support organizations (BSOs) in respective areas to identify export hurdles for their members and tailor the CBI modules accordingly. In India, it may well be the local trade associations as much as national BSOs as they would be able to readily identify some of the locally felt constraints.

In all three options the program would probably become more effective as the success rate would increase.

⁵⁸This option, making the program offer could more unique by adapting it more to the specific country context demands, hence would increasing the additionality of the program for the specific country.



6 Conclusions

For each of the main research questions, mentioned in chapter one, a concise answer is provided below.

Regarding the **relevance**:

1. *What are the key barriers to export for Indian companies and what barriers were addressed by the ECP's?*

While market information or the identification of buyers and markets - considered the most important export hurdle among assisted companies - is actively addressed by the ECP, there are many other important factors that are constraining these companies, which are not being addressed (e.g. high transportation costs and delivery times). This implies that there was some risk that the effort of the ECP, even if quite successful in bringing companies in contact with buyers, may not lead to increased export turnover (i.e. when these other constraints turn out to be binding).

2. *What inputs and services did the ECP's provide to companies in addition to what these companies could obtain on the market or from other institutions in India?*

The export development services by domestic institutions such as BSOs are found to be adhoc in comparison to the ECP. The sector-specific quality focus, information about the EU market and buyers' mindset, the learning about how to conduct business in the EU, and exhibiting skills are all valued and not otherwise available to Indian companies. The answer to the question whether the ECP was additional to the export development services offered by the institutional framework in India is that the ECP as a 5 year integrated export support package is unique. None of the institutions in place offer this type of intermittent guidance. The ECP offers an opportunity for motivated and high-potential companies to become export ready and enter the market within one programme.

However, some of the components within the ECPs are also offered locally as standalone services. This is particularly the case for trainings on general export topics and support for market entry activities, such as trade-fair participation. The additionality of the ECP therefore constitutes primarily of the sector specific approach in combination with the EU market focus, as well as the 5-year recurrent guidance of an expert throughout the programme.

Regarding the **effectiveness**:

3. *To what extent did participating companies increase exports to EU/EFTA and non-EU countries as a result of the export coaching programmes?*

Based on the assessed net effects in the sample of 21 companies assisted, 13 companies attribute their increase in EU exports to CBI intervention, and 13 companies attribute their increase in non-EU exports to CBI

In absolute terms additional exports to both EU and non-EU areas have been modest. This is despite the much larger improvement in the perceived export hurdles. As stated before, in India, it has taken time to move from the improvement in export hurdles to realizing EU exports on account of obtaining certification and convincing the EU buyers to partner with them.



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However, some of the companies exporting to the EU have realized repeat orders (see footnote 57) and are thus benefitting from the ECP on a more sustained basis.

4. *To what extent did the ECP's contribute to sustainable economic development in India?*

Up to date, there has been limited discernible contribution to sustainable economic development, measured in employment increase. Assisted companies with the highest contribution scores saw a stable or small employment increase. This could be due to the small increase in exports. It may also be due to the threshold of 100 workers beyond which Indian retrenchment restrictions take force, though this was something that was never referred to by the companies during the interviews.

5. *To what extent did benefits continue after the ECP's were completed?*

Figure 4.4 shows, counterfactual have no increase in EU exports. Although one should be careful interpreting this, as the number of comparable non-assisted companies are too small.

Another factor undermining the sustainability is a lack of export commitment by some of the assisted companies, often for legitimate reasons in itself. At least three companies saw improved opportunities on their domestic markets, which resulted in priority settings that were not in line with the company's program involvement.



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Annexure 1: GDP, Manufacturing sector and MSMEs

Table 1.1- GDP: India, Manufacturing Sector, Registered and Unregistered Manufacturing

| Year | GDP India | GDP Manufacturing Sector | GDP Registered Manufacturing | GDP Unregistered Manufacturing |
|---------|-----------|--------------------------|------------------------------|--------------------------------|
| 2004-05 | 29,714.64 | 4532.25 | 2923.44 | 1608.81 |
| 2005-06 | 32530.73 | 4990.20 | 3209.48 | 1780.72 |
| 2006-07 | 35643.64 | 5704.58 | 3783.78 | 1920.80 |
| 2007-08 | 38966.36 | 6290.73 | 4069.81 | 2220.92 |
| 2008-09 | 41586.76 | 6487.54 | 4325.23 | 2162.51 |
| 2009-10 | 45161.00 | 7304.35 | 4823.89 | 2480.46 |
| 2010-11 | 49370.00 | 8014.76 | 5429.34 | 2585.42 |
| 2011-12 | 52435.82 | 8230.23 | 5400.89 | 2831.53 |
| 2012-13 | 55054.37 | 8316.48 | 5505.44 | 2813.28 |

GDP at Factor Cost and Constant Prices with base year 2004-05; Source: MOSPI, RBI; Unit: INR Billion



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Table 1.2- Data on MSME at National and State Level from Various Sources ⁵⁹

| Year | State/India | Type | Source | No of Enterprises (In Million) | Employment (In Million) | Fixed Investment (In INR Billion) | Production (In INR Billion) | Exports (In INR Billion) |
|---------|-------------|--------------|---|--------------------------------|-------------------------|-----------------------------------|-----------------------------|--------------------------|
| 2001-02 | India | Registered | 3rd Census of SSI | 1.37 | 6.16 | 917.92 | 708.62 | 123.08 |
| 2001-02 | India | Unregistered | 3rd Census of SSI | 9.15 | 18.77 | 625.57 | 790.15 | 18.91 |
| 2001-02 | India | Total | 3rd Census of SSI | 10.52 | 24.93 | 1,543.49 | 1,498.77 | 142.00 |
| 2001-02 | Gujarat | Registered | 3rd Census of SSI | 0.14 | 0.58 | 710.84 | 36.71 | 0.20 |
| 2001-02 | Gujarat | Unregistered | 3rd Census of SSI | 0.39 | 0.69 | 29.53 | 27.58 | n/a |
| 2001-02 | Gujarat | Total | 3rd Census of SSI | 0.53 | 1.27 | 740.36 | 64.28 | n/a |
| 2001-02 | Maharashtra | Registered | 3rd Census of SSI | 0.08 | 0.63 | 186.52 | 126.35 | 12.94 |
| 2001-02 | Maharashtra | Unregistered | 3rd Census of SSI | 0.72 | 0.05 | 93.33 | 64.00 | 0.12 |
| 2001-02 | Maharashtra | Total | 3rd Census of SSI | 0.80 | 0.68 | 279.86 | 190.35 | 13.05 |
| 2001-02 | India | Total | Ministry of MSME, Annual report 2011-12 | 10.52 | 24.93 | 1,543.49 | 2,822.70 | 712.44 |
| 2002-03 | India | Total | Ministry of MSME, Annual report 2011-12 | 10.85 | 26.02 | 1,623.17 | 3,148.50 | 860.13 |
| 2002-03 | India | Total | Ministry of MSME, Annual report 2012-13 | 10.95 | 26.02 | 1,623.17 | 3,148.50 | n/a |
| 2003-04 | India | Total | Ministry of MSME, Annual report 2011-12 | 11.40 | 27.14 | 1,702.19 | 3,645.47 | 976.44 |
| 2003-04 | India | Total | Ministry of MSME, Annual report 2012-13 | 11.40 | 27.14 | 1,702.19 | 3,645.47 | n/a |
| 2004-05 | India | Total | Ministry of MSME, Annual report 2011-12 | 11.86 | 28.26 | 1,786.99 | 4,297.96 | 1,244.17 |
| 2004-05 | India | Total | Ministry of MSME, Annual report 2012-13 | 11.86 | 28.26 | 1,786.99 | 4,297.96 | n/a |
| 2005-06 | India | Total | Ministry of MSME, Annual report 2011-12 | 12.34 | 29.49 | 1,881.13 | 4,978.42 | 1,502.42 |
| 2005-06 | India | Total | Ministry of MSME, Annual report 2012-13 | 12.34 | 29.49 | 1,881.13 | 4,978.42 | n/a |
| 2006-07 | India | Total | Ministry of MSME, Annual report 2011-12 | 26.11 | 59.57 | 5,007.58 | 7,093.98 | 1,825.38 |
| 2006-07 | India | Total | Ministry of MSME, Annual report 2012-13 | 36.18 | 80.52 | 8,685.44 | 13,513.83 | n/a |
| 2006-07 | India | Registered | 4 th Census of MSME Report | 1.56 | 9.31 | 4,491.38 | 7,075.10 | 679.14 |
| 2006-07 | India | Unregistered | 4 th Census of MSME Report | 19.87 | 40.88 | 2,408.16 | 3,697.03 | n/a |
| 2006-07 | India | Total | 4 th Census of MSME Report | 21.44 | 50.19 | 6,899.54 | 10,772.13 | n/a |
| 2006-07 | Gujarat | Registered | 4 th Census of MSME Report | 0.23 | 1.25 | 1,518.69 | 384.38 | 49.62 |
| 2006-07 | Gujarat | Unregistered | 4 th Census of MSME Report | 1.30 | 2.20 | 148.85 | 168.68 | n/a |
| 2006-07 | Gujarat | Total | 4 th Census of MSME Report | 1.53 | 3.44 | 1,667.54 | 553.07 | n/a |
| 2006-07 | Maharashtra | Registered | 4 th Census of MSME Report | 0.09 | 1.09 | 543.65 | 1,107.05 | 54.84 |
| 2006-07 | Maharashtra | Unregistered | 4 th Census of MSME Report | 1.45 | 2.47 | 135.76 | 161.59 | n/a |
| 2006-07 | Maharashtra | Total | 4 th Census of MSME Report | 1.53 | 3.56 | 679.41 | 1,268.65 | n/a |
| 2007-08 | India | Total | Ministry of MSME, Annual report 2011-12 | 27.28 | 62.63 | 5,581.90 | 7,907.59 | 2,020.17 |
| 2007-08 | India | Total | Ministry of MSME, Annual report 2012-13 | 37.74 | 84.22 | 9,174.37 | 14,351.79 | n/a |
| 2008-09 | India | Total | Ministry of MSME, Annual report 2011-12 | 28.52 | 65.94 | 627.53 | 8,808.05 | n/a |
| 2008-09 | India | Total | Ministry of MSME, Annual report 2012-13 | 39.37 | 88.11 | 9,714.07 | 15,242.35 | n/a |
| 2009-10 | India | Total | Ministry of MSME, Annual report 2011-12 | 29.81 | 69.54 | 6,938.35 | 9,829.19 | n/a |
| 2009-10 | India | Total | Ministry of MSME, Annual report 2012-13 | 41.08 | 92.22 | 10,293.31 | 16,193.56 | n/a |
| 2010-11 | India | Total | Ministry of MSME, Annual report 2011-12 | 31.15 | 73.22 | 7,734.87 | 10,957.58 | n/a |
| 2010-11 | India | Total | Ministry of MSME, Annual report 2012-13 | 42.88 | 96.57 | 10,948.93 | 17,215.53 | n/a |
| 2011-12 | India | Total | Ministry of MSME, Annual report 2012-13 | 44.77 | 101.26 | 11,769.39 | 18,343.32 | n/a |

⁵⁹ Data for the period up to 2005-06 is Small Scale Industries (SSI)

Including activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage) for which data were extracted Economic Census 2005, Central Statistics Office, M/o SPI

Projected

Based on the data sets of Third and Fourth All India Census of SSI/MSME, augmented with data sets of EC, 2005 and growth rate observed during Fourth (1998) and Fifth (2005) Economic Census



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Table 1.3- Distribution of Employment in MSME Sector

| Number of Employees | Number of Companies (In Thousand) | | |
|---------------------|-----------------------------------|--------------|-----------|
| | Registered | Unregistered | Total |
| 1-10 | 1,434.95 | 19,735.00 | 21,169.95 |
| 11-20 | 71.78 | 112.00 | 183.78 |
| 21-50 | 38.31 | 24.00 | 62.31 |
| 51-100 | 12.00 | 1.00 | 13.00 |
| Above 100 | 6.96 | 2.00 | 8.96 |

Source: 4rth MSME Census; Year: 2006-07

Table 1.4: Export Data

| Year | Total Exports | Exports to EU |
|---------|---------------|---------------|
| 2000-01 | 2,035.71 | |
| 2001-02 | 2,090.18 | |
| 2002-03 | 2,551.37 | |
| 2003-04 | 2,933.67 | 667.06 |
| 2004-05 | 3,753.40 | 819.96 |
| 2005-06 | 4,564.18 | 1,028.42 |
| 2006-07 | 5,717.79 | 1,212.96 |
| 2007-08 | 6,558.64 | 1,388.60 |
| 2008-09 | 8,407.55 | 1,792.14 |
| 2009-10 | 8,455.34 | 1,704.27 |
| 2010-11 | 11,429.22 | 2,097.08 |
| 2011-12 | 14,659.59 | 2,519.51 |
| 2012-13 | 16,352.61 | 2,744.19 |
| 2013-14 | | 3,128.91 |

Source: RBI, Directorate General of Commercial Intelligence and Statistics; Unit: INR Billion



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Table 1.5: Summary of MSME Sector in India

| Year | No of Enterprises (In Million) | Employment (In Million) | Fixed Investment (INR Billion) | Production (INR Billion) | Exports (INR Billion) |
|---------|-----------------------------------|----------------------------|-----------------------------------|-----------------------------|--------------------------|
| 2001-02 | 10.52 | 24.93 | 1,543.49 | 2,822.70 | 712.44 |
| 2002-03 | 10.95 | 26.02 | 1,623.17 | 3,148.50 | 860.13 |
| 2003-04 | 11.40 | 27.14 | 1,702.19 | 3,645.47 | 976.44 |
| 2004-05 | 11.86 | 28.26 | 1,786.99 | 4,297.96 | 1,244.17 |
| 2005-06 | 12.34 | 29.49 | 1,881.13 | 4,978.42 | 1,502.42 |
| 2006-07 | 26.11 | 59.57 | 5,007.58 | 7,093.98 | 1,825.38 |
| 2007-08 | 27.28 | 62.63 | 5,581.90 | 7,907.59 | 2,020.17 |
| 2008-09 | 28.52 | 65.94 | 627.53 | 8,808.05 | n/a |
| 2009-10 | 29.81 | 69.54 | 6,938.35 | 9,829.19 | n/a |
| 2010-11 | 31.15 | 73.22 | 7,734.87 | 10,957.58 | n/a |

Source: MSME Annual Report 2011-12

Table 1.6: Share of Micro, Small & Medium Enterprises in Total Exports

| Year | Total Exports (In INR billion) | % Increase | Export from MSME Sector (In INR billion) | % Increase | % Share of MSME Sector |
|---------|--------------------------------------|---------------|--|---------------|------------------------------|
| 2000-01 | 2,025.09 | 26.92 | 697.97 | 28.77 | 34.47 |
| 2001-02 | 2,077.46 | 2.59 | 712.44 | 2.07 | 34.29 |
| 2002-03 | 2,527.89 | 21.68 | 860.13 | 20.73 | 34.03 |
| 2003-04 | 2,915.82 | 15.35 | 976.44 | 13.52 | 33.49 |
| 2004-05 | 3,553.39 | 27.94 | 1,244.17 | 27.42 | 33.15 |
| 2005-06 | 4,564.18 | 21.60 | 1,502.42 | 20.76 | 32.92 |
| 2006-07 | 5,717.79 | 25.28 | 1,825.38 | 21.50 | 31.92 |
| 2007-08 | 6,558.64 | 14.71 | 2,020.18 | 10.67 | 30.80 |

Source: MSME Annual Report 2011-12



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Table 1.7: Exports of Major Products of MSME Sector

Source: MSME Annual Report 2011-12; Unit: INR billion

| Product Group | 2001 - 02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 | 2006 -07 | 2007- 08 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Engineering Goods | 83.03 | 125.00 | 160.41 | 235.61 | 300.97 | 428.87 | 466.13 |
| Basic chem. pharmaceutical & Cosmetic products | 80.37 | 96.59 | 117.63 | 138.51 | 84.21 | 65.54 | 72.22 |
| Chemical & allied Products | 4.26 | 33.55 | 37.51 | 142.48 | 176.05 | 193.68 | 219.12 |
| Plastic Products | 18.82 | 18.63 | 21.23 | 36.32 | 48.83 | 16.33 | 40.99 |
| Finished Leather & Leather products | 57.16 | 61.08 | 66.95 | 74.38 | 83.45 | 100.50 | 103.91 |
| Marine Products | 26.17 | 32.51 | 28.79 | 34.12 | 33.72 | 83.63 | 76.21 |
| Agriculture | 68.96 | 96.80 | 99.29 | 113.78 | 125.16 | 152.64 | 223.09 |
| Wool & woolen products | 23.44 | 12.25 | 15.64 | 17.63 | 20.98 | 19.19 | 18.01 |
| Sports Goods | 2.76 | 3.18 | 4.29 | 3.95 | 4.57 | 5.09 | 5.19 |
| Readymade garments | 248.94 | 234.05 | 251.79 | 222.47 | 343.74 | 362.52 | 351.25 |
| Synthetic and Rayon Textiles | 13.04 | 14.84 | 15.87 | 18.39 | 21.30 | 23.69 | 26.83 |
| Processed Tobacco, Bidi & Snuff | 5.61 | 6.75 | 7.45 | 9.87 | 9.08 | 10.24 | 11.88 |
| Electronics and Computers | 56.24 | 98.60 | 124.37 | 161.47 | 216.99 | 300.04 | 356.26 |
| Cashew | 16.28 | 20.15 | 18.12 | 27.17 | 25.15 | 24.65 | 23.01 |
| Lac Product | | | | | | 1.60 | 1.25 |
| Forest Product | 1.41 | 1.01 | 1.63 | 1.66 | 1.66 | 20.61 | 4.77 |
| Spices | 5.95 | 5.15 | 5.48 | 6.33 | 6.63 | 0.51 | 20.06 |
| Total | 712.44 | 860.13 | 976.44 | 1,244.16 | 1,502.42 | 1,825.38 | 2,020.18 |



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Annexure 2 : Definitions of MSMEs by Different Sources

MOSPI/ National Accounts

Registered Enterprises refer to the units registered under Sections 2m (i) and 2m (ii) of the Factories Act, 1948, or under the *Bidi* and Cigar Workers (Condition of Employment) Act, 1966, i.e. those employing 10 or more workers and using power and 20 or more workers but not using power.

Unregistered Enterprises are all residual manufacturing units

MSME and Census

Registered Enterprises: Enterprises registered with District Industries Centers in the State/ UTs., KVIC/ Khadi and Village Industries Board, Coir Board as on 31.03.2007 and factories under the coverage of section 2m(i) and 2m(ii) of the Factories Act 1948 used for Annual Survey of Industry having investment in plant and machinery up to Rs 100 million

Unregistered Enterprises: All enterprises engaged in the activities of manufacturing or in providing/rendering of services, not registered permanently or not filed EM with State Directorates of Industries/District Industries Centers on or before 31-3-2007.

(Those enterprises that are temporarily registered on or before 31-3-2007 as also the units that are temporarily or permanently registered or filed EM after 31-3-2007 till the date of Sample Survey, conducted as part of Fourth All India Census of MSME, 2006-07 were treated as unregistered enterprises for the purpose of this survey. Enterprises found forming part of registered sector as defined above were excluded from the coverage of unregistered sector)

SSI: An industrial undertaking in which the investment in fixed assets in plant & machinery, whether held on ownership terms, or on lease, or by hire purchase, does not exceed Rs. 10 million as on 31-03-2001

Micro Small Medium Enterprises (MSME): MSME Sector consists of any enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership or undertaking or any other legal entity, by whatever name called, engaged in production of goods pertaining to any industry specified in the first schedule of Industries Development and Regulation Act, 1951 & other enterprises engaged in production and rendering services, subject to limiting factor of investment in plant and machinery and equipment respectively as noted below:

A. For manufacturing sector, an enterprise is classified as:

- (a) Micro enterprise, if investment in plant and machinery does not exceed Rs 2.5 million;
- (b) Small enterprise, if investment in plant and machinery is more than Rs 2.5 million rupees but does not exceed Rs 50 million; or
- (c) Medium enterprise, if investment in plant and machinery is more than Rs 50 million but does not exceed Rs 100 million;

B. In case, enterprise is engaged in providing or rendering of services, it is classified as:

- (a) Micro enterprise, if investment in equipment does not exceed Rs 1 million;



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(b) Small enterprise, if investment in equipment is more than Rs 1 million but does not exceed Rs 20 million; or

(c) Medium enterprise, if investment in equipment is more than Rs 20 million but does not exceed Rs 50 million



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Annexure 3: Company Interview List

| S No. | Company Case Study | ECP Sector Code | ECP Description | Date and Time of Interview | Interviewers |
|--------------|---------------------------|------------------------|--|-----------------------------------|---|
| 1 | P1 | 1028 | Mobile Equipment Parts | 28 July2014, 10.35 AM | Manisha Singh (MS), Monica Dutta (MD), Peter Henk Eshuis (PE) |
| 2 | P2 | 1029 | Engineering Products | 28 July2014, 2.00 PM | MS,MD, PE |
| 3 | P3 | 1030 | Medical Devices and Laboratory Equipment | 28 July2014, 3.00 PM | MS,MD, PE |
| 4 | P4 | 1030 | Medical Devices and Laboratory Equipment | 28 July2014, 6.30 PM | MS,MD, PE |
| 5 | P5 | 1029 | Engineering Products | 29 July2014, 11.40 AM | MS,MD, PE |
| 6 | P6 | 1034 | Pipe and Process Equipments | 29 July2014, 3.00 PM | MS,MD, PE |
| 7 | P7 | 1034 | Pipe and Process Equipment | 29 July2014, 5.45 PM | MS,MD, PE |
| 8 | P8 | 1034 | Pipe and Process Equipments | 30 July2014, 11.00 AM | MS,MD, PE |
| 9 | P9 | 1029 | Engineering Products | 30 July2014, 2.00 PM | MS,MD, PE |
| 10 | P10 | 1034 | Pipe and Process Equipments | 30 July2014, 3.45 PM | MS,MD, PE |
| 11 | P11 | 1039 | Office and School Supplies | 31 July2014, 11.30 AM | MS,MD, PE |



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| | | | | | |
|-----------|------|------|--|--------------------------|--|
| 12 | P12 | 1028 | Mobile Equipment Parts | 31 July 2014, 3.30 PM | MS,MD, PE |
| 13 | P13 | 1034 | Pipe and Process Equipments | 1 August 2014, 11.00 AM | MS,MD |
| 14 | P14 | 1029 | Engineering Products | 1 August 2014, 2.00 PM | MS,MD |
| 15 | P15 | 1040 | Home Decoration, Accessories and Gifts | 11 August 2014, 11.00 AM | Monica Dutta (MD), Bhavya Paliwal (BP) |
| 16 | P16 | 1029 | Engineering Products | 11 August 2014, 3.00 PM | MD, BP |
| 17 | P17 | 1034 | Pipe and Process Equipments | 12 August 2014, 11.00 AM | MD, BP |
| 18 | P18 | 1028 | Mobile Equipment Parts | 12 August 2014, 4.00 PM | MD, BP |
| 19 | P19 | 1043 | Pharmaceutical Products | 13 August 2014, 1.00PM | MS |
| 20 | P20 | 1034 | Pipe and Process Equipments | 13 August 2014, 4.00 PM | MS |
| 21 | L26 | 1029 | Engineering Products | 14 August 2014. 11.00 AM | MS |
| 22 | P21 | 1043 | Pharmaceutical Products | 25 August 2014, 2.00 PM | MD, BP |
| 23 | CF22 | 1029 | Engineering Products | 25 August 2014, 4.30 PM | MD, BP |
| 24 | L27 | 1034 | Pipe and Process Equipments | 26 August 2014, 12.30 PM | MS |



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| | | | | | |
|-----------|------|------|--|-----------------------------|--------|
| 25 | L28 | 1034 | Pipe and Process Equipments | 27 August 2014, 12.00 PM | MS |
| 26 | L29 | 1028 | Mobile Equipment Parts | 27 August 2014, 10.00 AM | MD, BP |
| 27 | CF23 | 1029 | Engineering Products | 27 August 2014, 2.00 PM | MD, BP |
| 28 | L30 | 1030 | Medical Devices and Laboratory Equipment | 28 August 2014, 11.00 AM | MD, BP |
| 29 | CF24 | 1034 | Pipe and Process Equipments | 10 September 2014, 11.00 AM | MD, BP |
| 30 | CF25 | 1043 | Pharmaceutical Products | 15 September 2014, 2.30 PM | MD, BP |



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Annexure 4: List of CBI Experts (International and Local)

| S No. | CBI Expert - International | ECP Sector Code | ECP Description |
|--------------|-----------------------------------|------------------------|---|
| 1 | Mr. L. Santema | 1030 | Medical Devices and Laboratory Equipment |
| 2 | Mr. Nico Stok | 1028 | Mobile Equipment Parts |
| 3 | Mr. Thomas Rego | 1028 | Mobile Equipment Parts |
| 4 | Mr. J.A. Buch | 1034 | Engineering Products /Pipe and Process Equipments |
| 5 | Mr. Luc Govaerts | 1034 | Pipe and Process Equipments |
| 6 | Mr. Ramaekers | 1043 | Pharmaceutical Products |
| 7 | Dhr. Peter van der Sman | 1029 | Engineering Products/ Pipe and Process Equipments |
| 8 | Ms. Yolanda Netto | 1039 | Office and School Supplies |
| 9 | Ms Aileen Brindle | 1040 | Home Decoration, Accessories and Gifts |
| 10 | Mr.Reinard Werner | 1040 | Home Decoration, Accessories and Gifts |
| S No. | CBI Expert - Local | ECP Sector Code | ECP Description |



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| | | |
|---|---------------------|------------------|
| 1 | Mr. K.L Pandya | Multiple Sectors |
| 2 | Mr. Jagdish Mahajan | |
| 3 | Mr. Jitesh Mehta | |



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Annexure 5: Company Interview List– Extra Interviews Conducted at the request of members of APE/Ministry of Foreign Affairs, The Netherlands⁶⁰

| S No. | Company Case Study | ECP Sector Code | ECP Description | Date and Time of Interview | Interviewers |
|--------------|---------------------------|------------------------|--|-----------------------------------|---|
| 1 | D1 | 1039 | Office and School Supplies | 22 July2014, 11.00 AM | Manisha Singh (MS), Monica Dutta (MD), Phil Compernelle (PC) |
| 2 | D4 | 1040 | Home Decoration, Accessories and Gifts | 23 July2014, 2.30 PM | MS, MD, PC |
| 3 | D2 | 1032 | BPO Services | 24 July2014, 11.00 AM | MS, MD, PC |
| 4 | D5 | 1039 | Office and School Supplies | 24 July2014, 1.30 PM | Manisha Singh (MS), Monica Dutta (MD), Peter Henk Eshuis (PE), Phil Compernelle (PC) |
| 5 | D3 | 1036 | Subcontracting, castings and forgings | 25 July2014, 9.30 AM | MS, MD, PE, PC |

⁶⁰ Not included in the study because they were not from the agreed states: Gujarat/Maharashtra



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Annexure 6: Stakeholder Interview List

| S No. | Other Stakeholders | Interviewee | Designation | Date and Time of Interview | Interviewers |
|--------------|--------------------------------|--------------------|--|-----------------------------------|--|
| 1 | The Embassy of the Netherlands | Mr. Cees Bansema | Deputy Head of Mission of the Embassy of the Netherlands | 25 July 2014, 3.00 PM | Manisha Singh (MS), Monica Dutta (MD), Peter Henk Eshuis (PE), Phil Compennolle (PC) |

| S No. | Local BSOs | Person Met | Designation | Date and Time of Interview | Interviewers |
|--------------|---|-------------------|---|-----------------------------------|--|
| 1 | Engineering Export Promotion Council, India | Mr. Rakesh Suraj | Regional Director of the Northern Regional Office of EEPC | 22 August 2014, 11.30 AM | Monica Dutta (MD), Bhavya Paliwal (BP) |



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Annexure 7: Non-CBI (Comparable) Company List

| S No. | Company Name | Location | Referred By | Contacted (Y/N) | Agreed (Y/N) | Interview Details | Remarks |
|--------------|---|-----------------|--------------------|------------------------|---------------------|----------------------------------|--|
| 1 | REMI (Rajendra Electrical and Mechanical Industries) | Mumbai | P3 | Yes | Yes | Interviewed on 2 September, 2014 | They turned out to be CBI participants |
| 2 | Zeiss Pharma | Near Chandigarh | P19 | No | | | Not available for interview |
| 3 | Ciron Labs | Mumbai | P19 | No | | | Not available for interview |
| 4 | Joglekar Refractories | Mumbai | L26 | Yes | Yes | | He refused on the day of the interview |
| 5 | V Tech Equipments | Mumbai | L26 | | | | Not interested |
| 6 | Aroflex | Mumbai | P8 | | | | Not interested |
| 7 | CF22 | Vadodara | P2 | Yes | Yes | Interviewed on 25 August, 2014 | |
| 8 | Supreme Surgicals | Delhi | P4 | | | | Not available for interview |
| 9 | Pranshu Electricals | Aurangabad | P5 | Yes | Yes | Interviewed on 3 September, 2014 | They turned out to be CBI participants |
| 10 | Dynaflex | Belgaum | P5 | | | | Not available for interview |
| 11 | Globescott | Walsad, Gujarat | P5 | | | | Not available for interview |



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| | | | | | | | |
|-----------|----------------------------------|-----------|-----|-----|-----|--|--------------------------------|
| 12 | MM Electricals Pvt Ltd. | Belgaum | P5 | | | | Not available for interview |
| 13 | Sri Hans Alloys Foundaries | | P6 | | | | Not interested |
| 14 | CF24 | Ahmedabad | P6 | Yes | Yes | Interviewed on 10 September, 2014 | |
| 15 | CF23 | Pune | P16 | Yes | Yes | Interviewed on 27 August, 2014 | |
| 16 | Preciforge Gears | Pune | P16 | | | | Not available for interview |
| 17 | Navneet Publications | | P11 | | | | Not available for interview |
| 18 | CF25 | | P21 | Yes | Yes | Interviewed on 15 September, 2014 | |



Annexure 8: Contribution Stories

| Company ID | P1 | ECP: | Mobile Equipment Parts | |
|---|---------------|----------------------------|-----------------------------|--|
| <p><u>Initial situation</u></p> <p>This company manufactures copper, brass and aluminum radiators, oil coolers and charge air coolers for automotive and industrial applications. Before CBI the company already had experience with exports to America. They had a niche segment for tractor radiators in America. The company believed that they had a better product than the Chinese and that the EU customers would value that quality and offer prices higher than those for Chinese products. However, they were not aware of the differences in regions across Europe as well as the differences between EU and America where demand for large volumes are a norm. Access to finance was the most important hurdle that the company faced in establishing a market for exports. They did not have access to funds from banks, which they did in America.</p> <p><u>Development of export turnover</u></p> <p>Since the start of the ECP in 2005, this company has seen their export turnover to both the EU and non-EU increase significantly. In 2004-05 their export turnover was €864,000.00; while in 2013-14 it went up to € 2,341,990.00. They now have buyers in USA, Germany and Denmark. They supply through New Holland, Escorts, Mahindra, Piaggio.</p> <p><u>Contribution analysis</u></p> <p>CBI prepared the company on how to approach and do business with European market. CBI also had a big role to play in teaching how to display products in the trade fair. CBI helped develop the potential of the company. The programme taught how to build upon selling capabilities and abilities to deliver. CBI helped in understanding the market and in inculcating the skills appropriate for European market.</p> | | | | |
| Development of Export Constraints | | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 | |
| Market information | 2 | ++ | 4 | |
| Market entry | 4 | + | 3 | |
| Market access | 5 | + | 2 | |
| Lack of export strategy | 3 | ++ | 4 | |
| Production capacity | 1 | ++ | 4 | |
| CBI Contribution: Significant Contribution | | | | |



| Company ID | P2 | ECP: | Engineering Products | |
|--|---------------|----------------------------|-----------------------------|--|
| <u>Initial situation</u> | | | | |
| <p>This company manufactures special (squirrel cage induction) electric motors, used in textiles industry and material handling areas. Before CBI the company was not into exporting. They wanted to expand exports to EU, to go for bulk volumes so as to earn better profits. However, they did not meet the quality requirement or presentation requirement for the European market. The biggest hurdle the company faced while dealing with the EU market was product quality. Prior to the product quality was not good. The finishing was not at all suitable for EU market. The brochure also did not have a detailed specification of the products. The company also perceived production capacity as an important hurdle. They felt that lack of investment was a big hurdle in their export expansion. The company did not have a structured export strategy and hence that too posed a problem for the company.</p> | | | | |
| <u>Development of export turnover</u> | | | | |
| <p>Since the start of the ECP in 2007, the company has started exporting as compared to no exports prior to CBI intervention. The company exported 10% of their total turnover in 2012-13 to Mexico, Middle East and African countries. They till date don't export to EU, because of capacity constraints. The company received 3 queries from Hannover Messe but all of these were bulk orders, which they could not materialize.</p> | | | | |
| <u>Contribution analysis</u> | | | | |
| <p>CBI taught the company how to display and present their products in the trade fairs. They also taught the designing of technical brochure. CBI also helped them learn how to market in European markets.</p> | | | | |
| Development of Export Constraints | | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 | |
| Lack of export strategy | 3 | + | 3 | |
| Product Quality | 1 | ++ | 4 | |
| Production capacity | 2 | = | 1 | |
| Other (not manufacturing in bulk, not spending on export marketing) | 4 | = | 1 | |
| CBI Contribution: No Contribution | | | | |



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| | | | |
|--|---------------|----------------------------|---|
| Company ID | P3 | ECP: | Medical Devices and Laboratory Equipment category |
| <u>Initial situation</u> | | | |
| <p>This company manufactures pathological devices and medical equipment. The company hardly had any exports to EU before the CBI experience. The exports were limited to South America and Africa. Moreover, the volume of exports was not big. Although exports were growing the company had realized that without sustained visibility through continuing exhibits it would be difficult to get faster growth in exports. The most significant hurdle for the company was market information. They were not aware of the market and standards set by competitors. They also perceived market entry as an important hurdle. No exposure to the exhibitions prevented the company from showcasing and demonstrating performance and gaining trust of buyers.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP, this company has seen their export turnover to both the EU and non-EU increase. In 2007-08 their export turnover was €57,900.00; while in 2013-14 it rose to € 69,385.00. Export turnover to EU rose from €1,070 to €16,630. The company now exports to almost 30 countries including France, Romania, Greece, Egypt, USA, Mexico, Nepal etc.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>As per the company the contribution of CBI for this company was tremendous. The company believes that without CBI the exports would not have grown. They learnt from its exposure to CBI fairs the need to upgrade the quality of its products.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | ++ | 4 |
| Market entry | 2 | ++ | 4 |
| Market Access | 4 | ++ | 4 |
| Product Quality | 3 | + | 3 |
| Trade environment | 5 | + | 3 |
| Other (Infrastructure/ Communication) | 6 | = | 1 |
| CBI Contribution: Significant Contribution | | | |

| | | | |
|-------------------|----|-------------|---|
| Company ID | P4 | ECP: | Medical Devices and Laboratory Equipment category |
|-------------------|----|-------------|---|



I·D·F

Initial situation

This company manufactures spacers for meter dosage inhaler, pumps (small diaphragm pumps) and suction machines. The company did not have any exports to EU before the CBI experience. The exports were limited to China. The most significant hurdle for the company was trade environment. High transportation cost was their biggest hurdle. In fact one of their products could have found a good market in Britain if it was not for the shipment cost. The company also found market information to be a hurdle and they were not experienced and were not aware of market competition in Europe.

Development of export turnover

Since the start of the ECP, this company has seen their export turnover to non-EU increase. In 2004-05 their export turnover to non-EU was €1,060.00; while in 2012-13 it rose to €8,560.00. Export turnover to EU rose from €1,070 to €16,630. Now the company exports to Australia, Mexico, Malaysia, Dubai, Middle East and South Africa.

Contribution analysis

As per the company because of the CBI training they learnt how to constantly improve upon their devices. They are now more confident in class 1 device. CBI also helped in learning about marketing on the internet.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--------------------|---------------|----------------------------|-----------------------------|
| Market information | 2 | + | 4 |
| Market Access | 3 | = | 2 |
| Product Quality | 4 | + | 3 |
| Trade environment | 1 | = | 1 |

CBI Contribution: Some Contribution

| | | | |
|-------------------|----|-------------|-------------------------------|
| Company ID | P5 | ECP: | Engineering Products category |
|-------------------|----|-------------|-------------------------------|

Initial situation

This company manufactures a variety of fractional HP DC motors with gearboxes. Before CBI the company was not into exports to EU. It initially started by selling a motor to John Deere. However,



the product got rejected since it was done in an “Indian” manner. Lack of export strategy was the most important hurdle this company faced. Lack of market information was another major hurdle, which the company faced. The information on opportunities abroad was lacking. The company needed to know much more about EU market and competition. The company also had very limited knowledge on certification requirements.

Development of export turnover

Since the start of the ECP, this company has seen their export turnover to both the EU and non-EU increase significantly. Since CBI participation the company has experienced a growth of 30-35% in its exports every year. Total exports leaped from € 97,320 in 2004-05 to €1355,180 in 2013-14. They export to USA, Mexico, Columbia, Far East, Germany, Switzerland, Belgium, Bulgaria, Lithuania and Italy. They also have a Dutch company as its customer (it supplies 80% of the material to this company). This Dutch company has clients in Norway, Holland so the company has been able to supply indirectly to these destinations as well.

Contribution analysis

As per the company the contribution of CBI for this company was tremendous. CBI programme helped in learning how to approach the EU market. CBI helped them learn the “tricks of the trade”. It helped them improve in process, products and human resources. The consultants also provided guidance on certification issues (CE marking, OSHAS 18001, helped them in UL approval) so as to enable the company to move up to the EU standards. The company learnt on how to present themselves in the EU markets via the trade fairs. The display at the booths, catalogue building was also taught by CBI. The website design was suggested by the CBI consultants. CBI was also instrumental in teaching them how to deal with customers, whom to approach and how to approach, what to share as response with the customers etc.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|-------------------------|---------------|----------------------------|-----------------------------|
| Market information | 2 | ++ | 4 |
| Market Access | 3 | + | 4 |
| Human Resources | 6 | + | 2 |
| Lack of export strategy | 1 | ++ | 4 |
| Product Quality | 5 | + | 2 |
| Production Capacity | 7 | + | 2 |
| Trade Environment | 4 | + | 3 |

CBI Contribution: Significant Contribution



| | | | |
|--|---------------|----------------------------|-----------------------------|
| Company ID | P6 | ECP: | Pipe and Process Equipments |
| <u>Initial situation</u> | | | |
| <p>This company manufactures specialized industrial valves (niche product), which are dedicated exclusively to petrochemical refineries in oil and gas industry. Before CBI participation the company used to export to Italy, Dubai and UAE. The company really lacked on market information. They did not know much about the EU market. Product quality was another hurdle. The company was not aware of the various certifications required for the EU market. Getting finance was another big hurdle the company faced.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP, this company has seen their export turnover to both the EU and non-EU increase. Total exports increased from €53,086 in 2004-05 to €2,235,970 in 2013-14. The company now exports to Dubai, UAE, Qatar, Malaysia, Singapore, USA, Brazil, Australia, Oman, Abu Dhabi and Italy.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI programme helped in understanding the European psychology and learning about EU markets. CBI advices on several elementary things such as drafting letter pads, how to write introductory business letters. It got inputs on packaging, building catalogues. CBI programme trained them in international exhibition participation. For each of the trade fairs attended, the company would get information on how to conduct themselves in an exhibition a day prior to the trade fairs. The company immensely benefitted from the programme.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | ++ | 4 |
| Lack of export strategy | 4 | ++ | 4 |
| Product Quality | 2 | ++ | 4 |
| Production Capacity | 3 | + | 3 |
| CBI Contribution: Significant Contribution | | | |

| | | | |
|-------------------|----|-------------|----------------------------|
| Company ID | P7 | ECP: | Pipe and Process Equipment |
|-------------------|----|-------------|----------------------------|



Initial situation

This company manufactures cryogenic tanks for liquefied gases and atmospheric vaporizers. Even before the CBI programme the company was into exports but lesser in EU markets. The intention of the company was to acquire a good customer base in EU through CBI. The biggest hurdle faced by the company was to relate with the EU buyer. The company faced competition problem because they found it very difficult to convince a European buyer to buy from non-EU seller.

Development of export turnover

Since the start of the ECP, this company has seen their export turnover to both the EU and non-EU increase significantly. Exports to EU grew by 139.41% in 2012 as compared to 2008. Total exports of the company in 2013-14 were €18, 479, 700. The company has buyers in Netherlands, Germany, Japan, Lebanon, Saudi Arabia, Egypt, Dubai, Korea, Philippines, Iran, Vietnam, USA, Singapore, Bahrain, Jordan, Indonesia, Venezuela and Qatar.

Contribution analysis

As per the company the contribution of CBI for this company was not that great. Though the company did appreciate the participation and the feasibility platform that the CBI exhibition provided, industries covered in the programme were not where the company was involved. They already had an Export Marketing Plan in place. The company had acquired all relevant certification (CE marking) and process standards (OSHAS18000 from BVQI) before CBI intervention.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|---|---------------|----------------------------|-----------------------------|
| Other (Ability to relate with European buyer) | 1 | + | 1 |

CBI Contribution: No Contribution

| Company ID | P8 | ECP: | Pipe and Process Equipment |
|------------|----|------|----------------------------|
|------------|----|------|----------------------------|

Initial situation

This company manufactures S.S. corrugated pipes & fittings. The company had minimal exports to start with but was eager to develop exports, including to the EU. The company perceived market entry as the biggest hurdle. Lack of market information was another major hurdle faced by the company. The company even lacked a proper export strategy.

Development of export turnover

Since the start of the ECP, this company has seen their export turnover to EU and non-EU increase. In 2004-05 their export turnover was 0; while in 2013-14 it rose to €198,349.00. Now the company exports to Switzerland, Norway, Sweden, Saudi Arabia, Malaysia, Singapore and Vietnam.

Contribution analysis



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CBI provided guidance to the company on how to access the EU markets. Advice was provided on improving upon product quality, certification requirements of EU markets. CBI training helped them in developing an export marketing strategy. They used CBI website to access data on European importers in their product category and found the website to be very informative. CBI also helped in development of the company's brochure. The CBI consultants provided technical advice on improving the finish of their products. As per the company CBI helped in paving the path to exports for the company and widen the vision of the company.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|----------------------------|---------------|----------------------------|-----------------------------|
| Market information | 2 | ++ | 4 |
| Market entry | 1 | ++ | 4 |
| Market Access | 4 | + | 3 |
| Human Resources | 5 | + | 3 |
| Lack of Export Strategy | 3 | ++ | 4 |
| Product Quality | 6 | + | 3 |
| Production Capacity | 7 | = | 2 |
| Trade environment | 5 | = | 1 |

CBI Contribution: Significant Contribution

| Company ID | P9 | ECP: | Engineering Products |
|--|----|------|----------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures regular and special gearboxes. The company had been exporting to EU, prior to CBI intervention via a technical collaboration with a German company Henschel since 2003 and also had a trading company to distribute it's products in India. The company as per say did not face any hurdles while exporting; as the company had been exporting to EU since 2003 via its German partner. Certification (ISO, CE marking), packaging (wooden crates fumigated), documents etc. all were already in place.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>In 2004-05 the exports were 35% of the sales; i.e. they were €743,204, in 2012-13 they remained at 35% of sales, which was €1,248,750. Exports to EU increased from €371,602 to €624,375. The company had buyers in Germany, Netherlands, US and Gulf countries.</p> | | | |



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Contribution analysis

The company was already well aware of how to conduct business with EU companies, and hence CBI was not of much use to them.

CBI Contribution: No Contribution

| Company ID | P10 | ECP: | Pipe and Process Equipment | |
|--|---------------|----------------------------|-----------------------------|--|
| <u>Initial situation</u> | | | | |
| <p>This company manufactures bobbins (used in textiles industry) and aluminum tubes. Prior to CBI intervention the company had no exports. The biggest hurdle as per the company was the lack of an export strategy. The company also perceived market information as an important hurdle. They did not know anything about the EU market. Logistics was another problem that the company faced. It took 40-45 days to deliver to EU.</p> | | | | |
| <u>Development of export turnover</u> | | | | |
| <p>Since the start of the ECP, this company has started exporting to EU. In 2004-05 their export turnover was 0; while in 2012-13 they exported 3% of turnover which was € 32,820.00. The company exports to Poland, Netherlands, France, Germany and UK.</p> | | | | |
| <u>Contribution analysis</u> | | | | |
| <p>The company benefitted from the CBI-ECP in terms of learning export marketing skills and gaining the knowledge required for exporting to the EU. CBI training helped them in learning how to prepare for an exhibition. The theoretical and practical knowledge gained at the training imbibed in them a culture of participating in fairs – made them learn about preparations to be made before, during and after the fair. The company also made their website more user-friendly and informative based on the inputs provided by the CBI consultants.</p> | | | | |
| Development of Export Constraints | | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 | |
| Market information | 2 | ++ | 4 | |
| Market entry | 4 | + | 3 | |
| Lack of Export Strategy | 1 | + | 3 | |
| Trade environment | 3 | - | 1 | |
| Other (prices of Chinese goods were lower) | 5 | - | 1 | |



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CBI Contribution: Some Contribution

| | | | | |
|---|-------|-------------|----------------------------|--|
| Company ID | P11 | ECP: | Office and School Supplies | |
| <u>Initial situation</u> | | | | |
| <p>This company manufactures notebooks and other paper products. The company was already exporting its products, prior to CBI participation. Most of the exports of the company were to USA. The company did not have an export strategy in place and that was a major hurdle for the company. Market entry was another significant hurdle for this company. Credibility was another major hurdle faced by the company. EU buyers were sceptical about Indian products and their quality.</p> | | | | |
| <u>Development of export turnover</u> | | | | |
| <p>The company said that the export orders it got were mainly on their own. None of the orders they received were through the trade fairs it attended with CBI. Total exports of the company in 2012-13 were €1,926,645 and they exported to USA, UK, Netherlands, Israel and South Africa.</p> | | | | |
| <u>Contribution analysis</u> | | | | |
| <p>Although exports didn't increase due to CBI, but attending the coaching programme changed the approach of the company towards exports- quality and presentation were given a lot of importance. The quality consciousness and the export marketing skills helped grow the domestic business and non-EU exports.</p> | | | | |
| Development of Export Constraints | | | | |
| Hurdles | Rank | Development | CBI contribution | |
| | 1 - 5 | -, =, +, ++ | 1,2,3,4 | |
| Market entry | 2 | ++ | 4 | |
| Lack of export strategy | 1 | ++ | 4 | |
| Trade environment | 3 | - | 1 | |
| CBI Contribution: Some Contribution | | | | |

| | | | | |
|---|-----|-------------|------------------------|--|
| Company ID | P12 | ECP: | Mobile Equipment Parts | |
| <u>Initial situation</u> | | | | |
| <p>This company manufactures Tractor components. Prior to CBI intervention the company had no exports. The biggest hurdle as per the company was market entry. The company had a large domestic customer base and hence never really paid too much attention and emphasis on exporting.</p> | | | | |



Development of export turnover

In 2004-05 their export turnover was 0; while in 2013-14 their exports were € 44,350.00, but only to Mexico (TO an American MNC).

Contribution analysis

No impact was found in terms of exports and also not in terms of the use of export marketing competencies imparted during the CBI-ECP training. Export orders received during the trade fair participation could not be converted into orders, as the orders were either for components that were too small (less than 100 grams) or were too large for their execution.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--------------|---------------|----------------------------|-----------------------------|
| Market entry | 1 | - | 1 |

CBI Contribution: No Contribution

| | | | |
|-------------------|-----|-------------|----------------------------|
| Company ID | P13 | ECP: | Pipe and Process Equipment |
|-------------------|-----|-------------|----------------------------|

Initial situation

This company manufactures valves, gaskets etc. The company largely concentrates on international market. 98% of the company's turnover was attributed to exports. But the company prior to CBI used to export to Asia, Africa, U.S.A and South America and took part in the CBI programme to increase their exports to EU. The company perceived market information as the biggest hurdle. They did not know much about the preferences of EU customers on pricing, marketing and quality. The company also did not have a good EU team- which would focus on EU only. Market access was another hurdle for the company. The other countries where the company exported did not require certifications and hence the company did not have CE marking, ISO and OSHAS certification, which was a hurdle for exporting to EU.

Development of export turnover

In 2004-05 their export turnover was 98% of turnover, i.e. €3,468,290.00; and in 2012-13 also it was 98% of turnover which was € 36,220,280.00. The company exports to West Asia, East Asia, Africa, U.S.A and South America and less than 10% of their turnover was exported to EU in 2012-13.

Contribution analysis

The company benefitted from the CBI-ECP in terms of learning about the EU market. The preferences of EU customers in terms of pricing, quality etc. are things that the programme taught them. The company also learnt the importance of certification, which were essential to get buyers in EU. The company's exports to the EU increased though the share in total exports remained the same.



I·D·F

| Development of Export Constraints | | | |
|---|---------------|----------------------------|-----------------------------|
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | - | 1 |
| Market access | 3 | ++ | 4 |
| Human Resources | 2 | - | 1 |
| CBI Contribution: Significant Contribution | | | |

| Company ID | P14 | ECP: | Engineering Products |
|---|---------------|----------------------------|-----------------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures motion control clutches & valves. Prior to CBI intervention the company used to export to EU only. The company expected to receive information on potential EU customers and more direct contact, such as face-to-face meetings, with them, through its participation in the CBI programme.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP, this company has started exporting to EU and Non EU regions. In 2004-05 their export turnover was 20% of turnover i.e. €115,000 and all of this was to EU- Austria, UK, Germany; while in 2013-14 they exported 45% of turnover which was € 554,390.00. Out of these total exports 38% i.e. €210,668 was to EU and the rest to other regions of the world.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>The company received no enquiries from its participation with CBI in the Hannover trade fair unlike the previous exhibition also at Hannover, conducted jointly with their German partner. Exports to EU increased but a CBI-ECP link to the higher exports could not be established. Similarly the company did start exporting to other regions but the linkage of it to CBI could not be verified. The company found the programme useful in general but not specifically for their company.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | - | 1 |
| CBI Contribution: Some Contribution | | | |

| Company ID | P15 | ECP: | Home Decorations, Accessories and Gifts |
|---|-----|-------------|---|
| <u>Initial situation</u> | | | |
| <p>This company manufactures garden decoration items. Before CBI the company was exporting garden decoration products to USA (on a regular basis) and to some parts of Europe (particularly</p> | | | |



Germany) as well (but this was very small and on an irregular basis). The thinking of buyers in Europe was different from the thinking of buyers elsewhere (market information), which this company found to be a massive hurdle. Language was also an issue to enter the EU market. Another hurdle faced by the company was finding customers in EU as unlike USA and other markets they do not use the 'dotcom' domain.

Development of export turnover

Since the start of the ECP in 2005, this company has seen their export turnover to both the EU and non-EU increase significantly. In 2004-05 their export turnover was €45,946.00; while in 2013-14 it rose to € 156,986.00. They now have buyers in Germany, Denmark, France, UK, USA and Australia. Even though the share of exports to EU had grown, the company faced the problem of non-recurring buyers, or, no recurring export buyer (it is time consuming process and expensive to get a new client).

Contribution analysis

The contribution of CBI for this company was immense. It helped right through designing, pricing, quality, developing export marketing plan, and communication skills. It also helped in understanding trends. The company got insights on future trends so as to find out the relevance of their products in future through their experience with CBI. The knowledge of EU market came from CBI.

However, the trade fair participation for the company was not beneficial to their kind of products. The buyers who came to Ambiente were interested in some other products than what the company was offering.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|---------------------------------|---------------|----------------------------|-----------------------------|
| Market information | 1 | + | 4 |
| Market entry | 4 | + | 1 |
| Human resources | 2 | + | 3 |
| Lack of export strategy | 5 | + | 2 |
| Production capacity | 6 | = | 2 |
| Trade environment | 7 | + | 2 |
| Other (Access to communication) | 3 | ++ | 2 |

CBI Contribution: Some Contribution



| Company ID | P16 | ECP: | Engineering Products |
|--|---------------|----------------------------|-----------------------------|
| <u>Initial situation</u> | | | |
| <p>The company manufactures plastic mouldings and metal stampings. The company was not into any non-EU exports before CBI. Exports to EU were in small amounts only covering Portugal. The biggest hurdle according to the company was the “fear of unknown”. There was no export thinking (market information). Market entry was also quite a significant hurdle since the company faced the “perception” issue. Most of the European companies did not have a good perception about Indian companies because of the risk associated with quality and delivery and sometimes even technology.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP in 2005, this company has seen their export turnover to both the EU and non-EU increase. In 2013-14 their export turnover rose to 15% of revenue as opposed to 3.5% of revenue in 2004-05. In EU, they now have buyers in France and Portugal. They also have regular buyers from Canada, Indonesia, China and Tunisia.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>The contribution of CBI was huge in “building confidence” of the company. Their main contribution was to get over the fear of “unknown” and helped them venture into EU market. CBI made them aware of the quality standards required in the EU and how to market them selves to EU which helped them in getting buyers. They deciphered a more focussed approach in making a contact. The idea of trade fairs was another major contribution of CBI. The idea that the visit to the trade fair should be repetitive to have some observable benefits also came from CBI. CBI helped the company prepare itself for participating in trade shows.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | ++ | 4 |
| Market entry | 3 | ++ | 4 |
| Human resources | 4 | + | 3 |
| Lack of export strategy | 2 | ++ | 4 |
| Trade environment | 5 | ++ | 3 |
| CBI Contribution: Significant Contribution | | | |



| | | | |
|--|---------------|----------------------------|-----------------------------|
| Company ID | P17 | ECP: | Pipe and Process Equipments |
| <u>Initial situation</u> | | | |
| <p>Manufacturers of pressure switches, this company was very keen on exporting and was finding a way to increase their exports. Prior to CBI, they exported very little to Australia. According to them getting on to an exhibition as a participant was the biggest hurdle to trade (market entry). They were not sure how to do it, how to portray them selves, how to manage it and also found it expensive. Lack of an export strategy was also perceived as a big hurdle. Market access and trade environment were also significant hurdles, as Europeans did not “trust” Indian companies that easily.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP in 2005, this company has seen their export turnover to both the EU and non-EU increase tremendously. In 2013-14 their export turnover was €48,047.00. In EU, they now have buyers in France, UK, Italy, Netherlands, Hungary and Poland. They also have regular buyers from Turkey, Australia and Canada.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>The contribution of CBI for this company was immense. The company learnt how to upgrade itself to EU standards. CBI made them aware of CE marking requirement for their products. Through EXPRO training, the company learnt how to build an export marketing plan, how to design it’s website, how to work with technical literature and correspondences, how to conduct on a stall in an exhibition and it also helped in learning about the preparations required before as well as after the exhibition. The company learnt how to collect relevant data, how to promote their website, as well as dealing with the buyers after the exhibitions. They also got sales orders from the fairs (Netherlands, Germany, Italy, Hungary and are still continuing to do business with them).</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | ++ | 4 |
| Market access | 3 | ++ | 3 |
| Human resources | 5 | + | 2 |
| Lack of export strategy | 2 | ++ | 4 |
| Trade environment | 4 | ++ | 3 |
| CBI Contribution: Significant Contribution | | | |



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| Company ID | P18 | ECP: | Mobile Equipment Parts |
|---|---------------|----------------------------|-----------------------------|
| <u>Initial situation</u> | | | |
| <p>This company is mainly into stampings and also manufactures other automobile components such as body structure of trucks. Before CBI the company had low exports (say 1% of total sales, to Germany) and none to non-EU nations. The most important hurdle faced by this company was that their products were voluminous in nature so logistics were very expensive. Shipping costs amounted to 10 times the total product cost. As a result EU markets preferred to get similar products from its neighbours like Czech Republic, Poland. To eradicate this problem the company did not have an export strategy either.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Since the start of the ECP in 2005, this company has seen their export turnover to both the EU and non-EU increase significantly. In 2004-05 their export turnover was €353907.00; while in 2013-14 it jumped to € 1,231,982.00. They now have buyers in Germany, Netherlands and Japan.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>The company didn't take part in much of the activities provided in the training (because they faced an economic slump in the middle) but they did attend one trade fair with CBI. This participation helped them in learning as to how to present them self in the international market. CBI helped them change their attitude about their exports to EU. CBI planted the idea of changing their product line category – venturing into smaller value added products worthy of exporting to the EU markets.</p> <p>CBI consultants helped provide insights to the people in the company about the best practices followed by EU. It helped the company to build up business with Netherlands, which is still continuing.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 2 | = | 1 |
| Lack of export strategy | 3 | + | 3 |
| Trade environment | 1 | = | 1 |
| CBI Contribution: Some Contribution | | | |

| Company ID | P19 | ECP: | Pharmaceutical Products |
|---|-----|------|-------------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures injectables. Prior to CBI intervention the company used to export but only to one country- Romania. The company faced challenges, as it did not have proper market information. They did not have the knowledge to handle exhibitions and how to exhibit themselves in the fairs. They did not know the certification requirements and its importance in getting them foreign buyers. They felt that at the face that they were going (without CBI) it would have taken them 10-15 years to enter the EU market.</p> | | | |



Development of export turnover

Since the start of the ECP, exports had increased seven-eight fold from €176,950 in 2004-05 to €862,390 in 2013-14. The company obtained the EU-GMP certification in 2011 in Romania, which helped to establish the quality of their injectables, which were not easily trusted without the certification due to the perception of poor quality associated with Indian goods. The company now exports to Romania, Vietnam, Philippines and Ukraine.

Contribution analysis

The company found the CBI experience very good. The learning from the export audit, distance training, EXPRO culminating in the CPHI trade fairs was found to have cut the number of years to enter EU substantially. CBI provided the vision, the knowledge and the hands on training on how to exhibit and handle exhibitions. The CBI guidance imparted confidence and boldness, which was missing as a contract manufacturer. The exports to EU increased as well as to other Asian countries, both made possible by EU-GMP certification, which itself was obtained due to CBI training.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--------------------|---------------|----------------------------|-----------------------------|
| Market information | 1 | + | 3 |
| Human Resources | 2 | + | 3 |

CBI Contribution: Significant Contribution

| | | | |
|-------------------|-----|-------------|----------------------------|
| Company ID | P20 | ECP: | Pipe and Process Equipment |
|-------------------|-----|-------------|----------------------------|

Initial situation

This company manufactures heat exchangers. Prior to CBI intervention the company had no exports. The biggest hurdle as per the company was lack of market information. The company was not well informed about how to take up exporting opportunities. The manner in which EU companies conduct their business was also something that the company had no knowledge on and hence found it as an important hurdle. Another challenge facing the company was how to enter and have access to the market.

Development of export turnover

Prior to CBI participation the company had no exports. In 2004-05 their export turnover was 0; while in 2013-14 their exports were €445,977, out of which €15,000 were to EU. The company exports to USA, Mexico, Brazil, Italy and South Africa.

Contribution analysis

The company found the CBI-ECP experience to have been very good. CBI-ECP informed about exporting opportunities as well as trained to learn about further exporting opportunities. The company became comfortable exporting to the globe due to the training provided. The training on



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presenting the product and the company via the website and in trade fairs was found very useful. CBI-ECP provided a different perspective and an approach to international marketing. CBI-ECP helped to learn about EU business culture (building trust, being punctual); conducting business in the EU - how to approach customers, where to meet, sticking to commitments, sending emails and voice-mails, ensuring follow-up etc.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--|---------------|----------------------------|-----------------------------|
| Market information | 1 | ++ | 4 |
| Market entry | 3 | ++ | 4 |
| Market access | 4 | + | 3 |
| Other (How do EU companies conduct business) | 2 | ++ | 4 |

CBI Contribution: Significant Contribution

| Company ID | P21 | ECP: | Pharmaceutical Products |
|---|-----|------|-------------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures various pharmaceutical products. Prior to CBI intervention the company had no exports to EU, but had certain exports to non-EU regions. The biggest hurdle as per the company was market access. The regulatory requirements being very high, the company had yet not been able to enter the EU market. To get the quality up to EU standards the company required machines, which were highly capital intensive, and hence production capacity posed to be a significant hurdle. The company also did not know much about the EU market and hence market information was another major hurdle faced by the company.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>In 2004-05 their export turnover was €231,809; while in 2012-13 their exports were €977,600. The company exports to S.E. Asia, Latin America and Africa. They still do not export to EU, as the company believes that the standards required in the EU markets are very high and for a small company (with limited capital) these standards are very difficult to match.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI was very helpful in providing the information on EU market, but it didn't help the company in generating exports to EU because the pharmaceutical sector requirements in EU are very stringent and require a high capital investment, which an MSME can't afford easily. CBI taught the company on how to present and project themselves in the trade fairs. The exposure to CBI's exhibitions helped in improving the company's visibility to the non-EU and in attracting customers from other countries.</p> | | | |
| Development of Export Constraints | | | |



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| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--|---------------|----------------------------|-----------------------------|
| Market information | 3 | + | 3 |
| Market access | 1 | = | 1 |
| Product Quality | 4 | + | 3 |
| Production Capacity | 2 | = | 1 |
| Trade Environment | 5 | = | 1 |
| CBI Contribution: Some Contribution | | | |

| Company ID | L26 | ECP: | Engineering Products |
|--|---------------|----------------------------|-----------------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures EOT crane assemblies (crab units), hoists etc. Prior to CBI intervention the exports were negligible. The company perceived market information as an important hurdle. They did not know much about the EU market. Market access and human resources were also sited as important hurdles.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Prior to CBI the exports were negligible. In 2013-14 they exported 7.5% of turnover i.e. €184,800. The company exported to Oman, Dubai; Indonesia and Thailand.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>The company benefitted from the CBI-ECP in terms of the tips to production and management staff. The company had been waiting to hear from CBI about their participation in the Hannover Fair but it never happened. The interaction with CBI “fizzled out.” Exports increased and the EXPRO seminar was stated as having been partly helpful, however, it is tougher to attribute the company’s export performance to the CBI-ECP.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Market information | 1 | - | |
| Market access | 2 | - | |
| Human Resources | 4 | - | |
| Lack of export strategy | 5 | - | |
| Other (JV partner) | 3 | - | |
| CBI Contribution: Some Contribution | | | |



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| | | | | |
|--|---------------|----------------------------|-----------------------------|--|
| Company ID | L27 | ECP: | Pipe and Process Equipment | |
| <u>Initial situation</u> | | | | |
| <p>This company manufactures Auto components– assembled castings and forgings. The company was focused on domestic business, particularly for its engineering consultancy business. Market information and market access were significant hurdles as per the company. Since the company's focus was on domestic market they did not really invest much in getting information on the EU market and hence that was a hurdle for them.</p> | | | | |
| <u>Development of export turnover</u> | | | | |
| <p>In 2004-05 their export turnover was 0; while in 2013-14 their export turnover was € 184,800.00. The exports were to Australia and none to EU.</p> | | | | |
| <u>Contribution analysis</u> | | | | |
| <p>The company left the CBI-ECP as it felt that an appropriate trade fair could not be identified. Having gone through the EXPRO training, the competencies were being used to develop business in non-EU areas to start with.</p> | | | | |
| Development of Export Constraints | | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 | |
| Market information | 1 | = | 2 | |
| Market access | 2 | + | 3 | |
| CBI Contribution: No Contribution | | | | |

| | | | | |
|--|-----|-------------|----------------------------|--|
| Company ID | L28 | ECP: | Pipe and Process Equipment | |
| <u>Initial situation</u> | | | | |
| <p>This company manufactures valves castings and pipe fittings. Prior to CBI intervention too, the company used to export to EU. The biggest hurdle as per the company was market information. As per them there was a gap between EU requirements and that of developing countries.</p> | | | | |
| <u>Development of export turnover</u> | | | | |
| <p>In 2004-05 their export turnover was €1,769,535, which was 50% of their total turnover and all of their exports were to EU- mainly western Europe. While in 2013-14 their exports were €9,609,500, out of which €4,804,730 were to EU. In 2013-14 the company exported to Europe; South America, USA, West Asia and Central Asia.</p> | | | | |
| <u>Contribution analysis</u> | | | | |
| <p>The company benefitted from the CBI-ECP participation. Their exports increased, in part, due to the export marketing skills honed during the participation. However, the company profile had less of</p> | | | | |



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a fit with the smaller companies who were learning the ropes of export marketing including getting their product design and aesthetics up to the EU standards; and hence they left the programme mid way.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--------------------|---------------|----------------------------|-----------------------------|
| Market information | 1 | + | 3 |

CBI Contribution: Some Contribution

| Company ID | L29 | ECP: | Mobile Equipment parts |
|--|---------------|----------------------------|-----------------------------|
| <u>Initial situation</u> | | | |
| <p>This company manufactures precise and critical sheet metal stampings (stamped metal products and assemblies related to automotive domain). Prior to CBI intervention too the company used to export. The biggest hurdle as per the company was capacity constraints. They did not have the additional capacity to cater to additional customers. Another major problem perceived by the company was not having local consultants at the export destination.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>In 2004-05 26% of total turnover was exported i.e. €620,399. Out of these €155,719 was export turnover to EU. In 2013-14 40% of turnover was exported out of which €936,307 was exported to EU. The company exported to US, UK, Italy, Romania, Brazil, Slovakia and China.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI helped the company in gaining a macro perspective. From the CD the company received from CBI there was a lot of market information provided on the EU markets in general (not specific to auto motives). Since it gave broader sense of information to different domains but was not specific to automotive industry the company quit the programme mid way.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
| Lack of Export Strategy | 4 | = | 1 |
| Production capacity | 1 | = | 1 |
| Trade environment | 3 | = | 1 |
| Other (not having local consultants at export destination) | 2 | = | 1 |



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CBI Contribution: No Contribution

| | | | |
|--|-------|-------------|----------------------------------|
| Company ID | L30 | ECP: | Laboratory and Medical Equipment |
| <u>Initial situation</u> | | | |
| <p>This company manufactures Medical electronic equipments – cardiological equipment, ECG machine, monitors, defibrillators etc. The company was not into exports before CBI. The company perceived market access as the biggest hurdle.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Till date the company doesn't export. The company suffered due to severe competition from the Chinese in the last 2 to 3 years. All firms in this industry faced severe problems in this time period. Some firms even shut down or were taken over by others. The focus of the company was to survive, which is another reason they could not focus on exports. However, the company was able to recover and bring itself back on target. It registered a 30% growth in 2013-2014.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI was not able to teach anything new to the company. All the information that CBI gave was already available in India. The company left the CBI programme because they were then not ready for "exports" and it might be possible that the company followed a casual approach. The company laid more emphasis on its survival strategy, given competition from Chinese products. They were also concentrating on getting their CE certification done and had expected CBI to assist (including monetary assistance) in that. Probably if the company would have come in touch with CBI at a much later stage, it could have been more useful for the company.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank | Development | CBI contribution |
| | 1 - 5 | -, =, +, ++ | 1,2,3,4 |
| Market access | 1 | = | 1 |
| CBI Contribution: No Contribution | | | |

| | | | |
|--|----|-------------|-------------------------------------|
| Company ID | D1 | ECP: | Office and School Supplies category |
| <u>Initial situation</u> | | | |
| <p>This company manufactures toys and has been exporting to various countries in EU and other non-EU regions since the last 20 years. The company also manufactures office supplies, but only exported them to Japan prior to CBI. As per the owner on the company, they do not have much problems in exporting as they have been in the business for a long time and hence have good knowledge of it.</p> | | | |
| <u>Development of export turnover</u> | | | |



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The company had been exporting its toys prior to the CBI intervention too. And post the assistance too they export to the same 26 countries (both in EU and Non-EU). The company still doesn't export its office supplies to any country other than Japan.

Contribution analysis

CBI was not of much assistance to the company, as the owner believed that such information was more useful for start-ups. His company was already in the business for a long time and hence did not need the "hand-holding" provided by CBI. The company did get a good tip on organising their display during the trade fairs- to organise their products by colour- and they use it till date. They also got a tip on selling their products under a different name.

Development of Export Constraints

| Hurdles | Rank | Development | CBI contribution |
|---------|-------|-------------|------------------|
| | 1 - 5 | -, =, +, ++ | 1,2,3,4 |
| | | | |

CBI Contribution: No Contribution

| Company ID | D3 | ECP: | Subcontracting, castings and forging category |
|---|-------|-------------|---|
| <u>Initial situation</u> | | | |
| <p>This company is into subcontracting, castings and forging. Prior to the CBI programme the company used to export to Italy. The biggest hurdle faced by the company was market entry. The company was small and hence was not able to penetrate into the EU market that easily. Market information was another major hurdle faced by the company.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>Prior to CBI intervention the company used to export to Italy. With CBI participation the exports to EU countries increased and they started exporting to Spain, UK and Germany too. But due to some internal problems the company stopped expanding their exports and today just exports to Italy.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI was very beneficial for the company. CBI provided a network of potential buyers. Being small the company also found it beneficial to take part in the trade fair under the CBI banner, as this gave them more coverage. The information on EU market provided by the CBI website was also very useful for the company. Conducting themselves in the trade fair- approaching buyers and handling requests- was another important skill the company learnt from the CBI experts.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank | Development | CBI contribution |
| | 1 - 5 | -, =, +, ++ | 1,2,3,4 |



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| | | | |
|---|---|----|---|
| Market Information | 2 | ++ | 4 |
| Market Entry | 1 | ++ | 4 |
| Human Resources | 3 | + | 3 |
| CBI Contribution: Significant Contribution | | | |

| | | | |
|--|-------|-------------|--|
| Company ID | D4 | ECP: | Home Decoration, Accessories and Gifts |
| <u>Initial situation</u> | | | |
| <p>This company is into home Decoration, Accessories and Gifts. Prior to CBI the company had some mainstream exports, but incidental and mostly to 'in between' customers such as the Body Shop UK. The most critical hurdle for the company was the lack of an export strategy. Market entry was another major problem for the company.</p> | | | |
| <u>Development of export turnover</u> | | | |
| <p>The amount of exports remained more or less the same after the CBI participation. The company now exports to U.S., UK, Holland, Australia and Austria.</p> | | | |
| <u>Contribution analysis</u> | | | |
| <p>CBI's main contribution was professionalising their approach to exporting. They learnt a lot about how to participate and present themselves in trade fairs. Participation with CBI in the trade fair was a good experience for the company since the booth was centrally located and large. The company also learnt a lot from the experience about presenting themselves.</p> | | | |
| Development of Export Constraints | | | |
| Hurdles | Rank | Development | CBI contribution |
| | 1 - 5 | -, =, +, ++ | 1,2,3,4 |
| Market information | 4 | ++ | 2/3 |
| Market Entry | 2 | + | 4 |
| Human Resources | 5 | ++ | 2/3 |
| Lack of export strategy | 1 | + | 4 |
| Product Quality | 3 | + | 2 |
| CBI Contribution: Some Contribution | | | |

| | | | |
|-------------------|----|-------------|----------------------------|
| Company ID | D5 | ECP: | Office and School Supplies |
|-------------------|----|-------------|----------------------------|



Initial situation

This company manufactures Leather bound notebooks, office bags etc. Prior to CBI participation the company only used to export to one buyer in Germany. The most significant hurdle faced by the company was not having the courage to venture into the unknown. Another problem faced by the company was that their product quality was not up to EU standards. Human resources was another challenge for the company.

Development of export turnover

The company's exports increased after CBI participation. Now the company exports to France, Germany, Denmark, Italy, Spain, U.S., Canada, South Africa, Australia, Japan and U.K.

Contribution analysis

CBI acted like a catalyst for this company. The company was hesitant to venture into doing something different. However, the handholding by CBI made the company confident. CBI taught the display and presentation of products in the trade fairs. They made them understand the significance of designing. The company learnt to be more structured with CBI. CBI helped the company in attaining information on the EU markets and their requirements.

Development of Export Constraints

| Hurdles | Rank 1 - 5 | Development -, =, +, ++ | CBI contribution 1,2,3,4 |
|--|---------------|----------------------------|-----------------------------|
| Market Information | 5 | ++ | 4 |
| Market Entry | 6 | ++ | 4 |
| Human Resources | 4 | + | 3 |
| Product Quality | 2 | + | 3 |
| Production Capacity | 3 | + | 3 |
| Trade Environment | 7 | + | 3 |
| Other (not having the courage to venture into the unknown) | 1 | ++ | 4 |

CBI Contribution: Some Contribution