

Minutes of the 1st meeting of Empowered Committee (EC) on ‘Trade Infrastructure for Export Scheme (TIES)’ for Financial Year 2017-18 under the Chairpersonship of Commerce Secretary held on 09.06.2017(Friday) at 11:00 A.M. in Room No. 47,UdyogBhawan, New Delhi.

List of participants is annexed.

2. The following proposals placed for consideration of the Empowered Committee (EC) for TIES funding were discussed based on the detailed agenda note circulated regarding the proposals and following decision taken:

| Agenda Item No. 1: (List of New/Fresh project proposals) | | |
|---|--|--|
| S. No. | Agency /Project details | Decision |
| 1. | <p>Karnataka Fisheries Development Corporation Ltd. (KFDC), Govt. of Karnataka</p> <p>Modernization of infrastructure facility for Marine Exports at Tadadi, Kumta Taluk, Uttara Kannada District, Karnataka</p> <p>Total cost: Rs. 13.34 Cr TIES share requested:- Rs. 5.00 cr. Govt. of Karnataka – Rs. 5.00 cr. KFDC – Rs. 3.344 cr.</p> | <p>Managing Director, Karnataka Fisheries Development Corporation (KFDC) in his presentation mentioned that it owns a Fish Processing Plant at Tadadi established in an area of 1.00 Acre land. Since Plant was established 35 years back, the machines have become obsolete and outdated. The Plant is closed for the last 3-4 years. MD, KFDC informed that there is no fish processing plant in Uttara Kannada district Karnataka, and hence there is tremendous scope for increasing the processing base which currently is done at plants located in Goa. With the setting up of the fish processing unit, it is expected to adhere to EU norms for processing and storage of fish, minimize post harvest losses thereby increasing the exportable fish quantity from the state by at least 10000 MT. This would enable more number of fishermen to realize better price for their fish catch. This project would improve socio-economic conditions of fishermen and generate employment for more than 10,000 persons, mostly from weaker sections. It was informed that GoK has released Rs. 2.00 Cr in 2016-17 and it is proposed to released Rs. 1.00 cr in 2017-18.</p> <p>MPEDA representative has mentioned that it supports the project and the GoK has incorporated suggestions provided by it in the proposal. EP(MP) Division of this Department has also supported the project proposal based on the recommendation of the MPEDA.</p> <p>Regarding the cost of construction in the proposal where there was an existing building, it was clarified to the EC that, the proposal includes Rs.1.00 crore for building restructuring and rest for extension of cold storage and ensuring proper water supply and disposal of waste water.</p> <p>KFDC informed that it was exploring the possibilities of leasing the unit to the potential exporters for O & M of the facility or maintaining on its own. EC was</p> |

| | | |
|----|---|--|
| | | <p>of the opinion that leasing of the facility to a single exporter was not in accordance with the scheme objectives. EC observed that the details of user charges to be levied by KFDC in case of it being operated by KFDC were not provided along with the revenue projections for the O&M of the facility.</p> <p>EC decided to approve the TIES share of Rs 5.00 Crore and release the 1st installment of Rs. 2 cr. on subject to receipt of details regarding the user charges as part of the O&M of the proposed facility.</p> |
| 2. | <p>Visvesvaraya Trade Promotion Centre (VTTC), Bengaluru, Govt. of Karnataka</p> <p>Establishment of 'Coastal Cashew Research & Development Foundation, Kumta', District Uttara Kannada, Karnataka</p> <p>Total cost: Rs. 10 Cr TIES share requested:- Rs. 4.75 cr Govt. of Karnataka – Rs. 4.75 cr. KFDC – Rs. 0.50 cr.</p> | <p>MD, VTTC in his presentation on the proposal informed that there are more than 400 cashew processing unit in SME sector in Karnataka. There are large import from Vietnam and African countries to cater to the processing capacity available. The average yield of cashew/ha in Vietnam & Africa (2 mt/ha) is almost five times of that in Karnataka. There is a need for improvement in the production of raw cashew to meet the requirement of the processing unit and improvement in quality. Karnataka Cashew Development Corporation holds about 40,000 HA under Cashew Plantation. Farmers need to be educated about Scientific and High density Plantation including those that could be developed on the PPP Model. There is lack of enough drying & warehousing facility for the farmers and artificial drying is more economical & saves time also. The project envisages an increase of 20000 MT per annum in the next 5 years targeting export production through enhance cashew processing facilities, skill development and training and adequate storage facility. In addition, an R&D facility is also proposed to be developed at the centre.</p> <p>Government of Karnataka has released Rs. 1.00 Cr for the year 2016-17 and proposed Rs. 1.00 Cr for 2017-18.</p> <p>EP(Agri) based on inputs from CEPCI commented that establishing lab infrastructure at Kumta, Uttara Kannada, as available at CEPCI, Kollam would result in inefficient utilisation of both the labs. EC observed that there are lab facilities available at Kollam which are not presently utilized optimally. Hence the activity related to the development of the R & D and Training centre may not be considered in present scope of the project.</p> <p>EC observed that the difference in costs related to construction of the conference hall and the training hall both of which were of equal area was not justified. EC opined that components related to Conference hall with administrative office (Rs.1.15 cr-to be revised), Warehouse (Rs.2.23 cr), Cold Storage (Rs.1.50 cr), Plant& Machinery for processing of cashews Rs.(2.05 cr) and some of the misc. fixed asset (to be revised) may be considered for funding under TIES.</p> |

| | | |
|----|---|--|
| | | <p>EC observed that the details of user charges to be levied by VTTC were not provided along with the revenue projections for the O&M of the facility.</p> <p>EC approved the proposal in-principle and directed that the revised cost estimates as per the components considered eligible above may be submitted for consideration of release of fund which shall be on pari-passu basis as released by the State government.</p> |
| 3. | <p>Cochin SEZ</p> <p>Construction of SDF Building at Cochin SEZ</p> <p>Total cost: Rs. 61.63 Cr TIES share requested:- Rs. 20.00cr CSEZA fund – Rs. 21.63 cr. Borrowing from bank – Rs. 20.00 cr.</p> | <p>DC, SEZ in her presentation on the proposal informed that CSEZ is a multi-product SEZ with 103 acres of land. Most of the infrastructure facilities at CSEZ were set up under financial assistance from the erstwhile ASIDE Scheme. Presently there are 16 SDF buildings in CSEZ which are fully utilized. After the introduction of GST, with tax rebate benefits being available to units within SEZ only, it is expected that there will be a rise in demand for space inside the SEZs.</p> <p>The proposal is to construct a new SDF building in the Zone, having total built up area of 22321m². The proposed SDF building would consist of 2 basement floors & lower ground floor (for parking & electrical rooms) and ground floor and 8 Nos. of typical floors (for occupation of multi-product manufacturing units). Construction of this building will help CSEZ to accommodate more SEZ units and thereby generate additional exports and employment to the tune of Rs 500 cr. DC informed that the rest of the funds for the proposal were tied up, with Rs 21.63 Crore coming from the CSEZA and Rs 20.00 Cr from borrowing from the SBI for which letter of sanction has been submitted. DC informed that O&M charges will be met from the rental revenues to be charged @ Rs 40 per sq feet from the units to be established and the maintenance shall be done by M/s WAPCOS which is the designated agency in CSEZ. DC informed that the tendering process for the civil work has been completed.</p> <p>On enquiry by the EC, DC mentioned that the exports from the SEZ in 2016-17 is Rs.8578 crores excluding gems & jewellery items.</p> <p>EC was informed that the SEZ Division has no objection to the proposal. EC observed that the project has direct export linkages and would benefit all the units moving into the SEZ in the new GST regime.</p> <p>EC approved the proposal of CSEZ for TIES share of Rs 20.00 Crore in three installments with release of 1st installment of Rs.6.50 crore.</p> |
| 4. | <p>Airport Authority of India (AAI)</p> <p>Establishment of Integrated Cargo Terminal (ICT) at Imphal International</p> | <p>Chairman, AAI has informed that there was no cargo facility at the Imphal airport which is the third biggest airport in the region and with the focus of increased industrialization in the NE region it is imperative to have such a facility at the airport.</p> |

| | |
|--|---|
| <p>Airport, Imphal</p> <p>Total cost: Rs. 16.20 Cr TIES share requested:- Rs. 12.96 cr AAI – Rs. 3.24 cr.</p> | <p>ED/Cargo, AAI in her presentation on the proposal informed that establishing an ICT at Imphal International Airport will provide a boost to the local economy, Export Promotion and Regional Development. It would act as a hub for Air Cargo Movement and air connectivity to South East Asian Countries. There is a huge demand from domestic/international airlines for a cargo terminal in North East. The development of the facility would enable the airlines to plan the flights to cater to the connectivity requirement of the region with the ASEAN/SAARC countries. The proposed facility will improve export of commodities like floriculture, horticulture, Garments, Pharma Products etc. The facility is proposed to generate income from Cargo Handling, Lease rentals, X-ray charges, Parking and Special facility charges (Cold storage, DG Shed). AAI Cargo Logistics and Allied Services Company Limited (AAICLAS), a subsidiary of AAI, will manage and look after the O&M of the facility.</p> <p>DoNER also supported the proposal and stated that it would improve the potential of exports from the NE in general and Manipur, in particular. With the focus of the Government in providing special incentives to the NE for increasing industrial activity, the presence of the cargo terminal would also ensure proper handling of the cargo so generated.</p> <p>M/o Civil Aviation supported the proposal and mentioned that the project would increase the employment in the area. It was mentioned that though it would take more than 3 years for the capacity utilization of the facility, it would be able to break even only after 7-8 years. The AAI would augment the resources required for maintain the facility till such time.</p> <p>AAI requested that certification for vetting of Civil cost and P&M as required under the TIES guidelines may be exempted keeping in view that AAI has their own engineering wing which is considered equivalent to the CPWD. EC opined that the same may be considered exempted.</p> <p>AAI has indicated that income for O&M for the proposed facility will come from rental of commercial office space to Couriers & Airlines @ Rs 60 sqft for 1165.43 sqft; Cargo handling charges @ rate of Rs 10.75 per kg and Rs. 4.75 per kg for import of 180 MT goods and 240 MT goods respectively monthly; Service charges from x-ray, cold storage chambers, parking etc.</p> <p>EC approved the proposal with funding of Rs. 11.92 crores under TIES for the civil construction and the plant & machinery with release of 1st installment of Rs.6.00 crores.</p> |
|--|---|

| | | |
|------------------|---|---|
| <p>5.</p> | <p>Andhra Pradesh Med tech Zone Ltd (AMTZ)</p> <p>i) Setting up of EMI/EMC and Electrical Safety Testing Facility in AMTZ</p> <p>Total cost: Rs. 55.52 Cr TIES share requested:- Rs. 20.00 cr AMTZ – Rs. 29.97 cr. Debt financing – Rs. 5.55 cr. Andhra Pradesh Med tech Zone Ltd (AMTZ)</p> <p>ii) Setting up of Biomaterials Testing Facility in AMTZ</p> <p>Total cost:Rs. 45.46 Cr TIES share requested:-Rs. 20.00 cr. AMTZ – Rs. 20.91 cr. Debt financing – Rs. 4.55 cr. Andhra Pradesh Med tech Zone Ltd (AMTZ)</p> <p>iii) Setting up of 3D Design and Rapid Prototyping Facility in AMTZ</p> <p>Total cost:Rs. 43.50 Cr TIES share requested:-Rs. 20.00 cr. AMTZ – Rs. 19.15 cr. Debt financing – Rs. 4.35 cr. Andhra Pradesh Med tech Zone Ltd (AMTZ)</p> <p>iv) Setting up of center for Gamma Irradiation in AMTZ</p> <p>Total cost:Rs. 24.39 Cr TIES share requested:-Rs. 12.18 cr. AMTZ – Rs. 9.77 cr. Debt financing – Rs. 2.44 cr.</p> | <p>CEO, AMTZ made a power point presentation regarding overall Indian Medical device market and informed that the Indian medical device market was USD 3.9 Billion (INR 25,259 Crores) in 2015 and growing at CAGR of 15.8%. The Indian Medical Device market contributes to 4% of the Indian healthcare market which was pegged at USD 96.7 Billion (INR 6.29 Lakh Crores), in 2015. The Indian medical device market is expected to grow to USD 8.16 Billion and is currently the 4th largest medical device market in Asia.</p> <p>CEO, AMTZ further stated that the export of medical devices has grown from USD 0.78 bn (Rs.5,070 crore) in FY12 to USD 0.98 bn (Rs. 6,370 crore) in FY16. Between FY12 to FY16, the import trade of medical devices has increased by 16.8%, whereas export trade has increased by 25.7%. Diagnostic imaging, consumables and other medical devices form 86% of total export trade in India in FY16. Amongst the exporters’ portfolio, USA was the chief destination for export and contributes close to 15% of the export trade. Singapore, Germany and China were the other leading export destinations with shares of 7.0%, 6.7% and 6.4% respectively. The European Union (incl. Germany) cumulatively constitutes of 21.7% of the total export trade. The export trade of different segments of medical device market is given below for India:</p> <ul style="list-style-type: none"> • Diagnostic imaging medical device export trade has grown by 27.2% from USD 210 mn (Rs. 1,365 crore) in FY12 to USD 267 mn (Rs. 1,736 crore) in FY16. • Medical Consumables export trade has grown by 26.1% from USD 228 mn (Rs. 1,482 crore) in FY12 to USD 288 mn (Rs. 1,872 crore) in FY16. • IV Diagnostic devices export trade has grown by 58.7% from USD 24 mn (Rs. 156 crore) in FY12 to USD 39 mn (Rs. 254 crore) in FY16. • Ortho and prosthetics export trade has grown by 173.8% from USD 22 mn (Rs. 143 crore) in FY12 to USD 59 mn (Rs. 384 crore) in FY16. • Patient Aids export trade has grown by 20.9% from USD 11 mn (Rs. 72 crore) in FY12 to USD 13 mn (Rs. 85 crore) in FY16. <p>It was further stated that currently, around 95% of medical devices manufactured in India fall short of certifications required to meet international standards. There are no dedicated facilities for testing of medical devices in the country and has to done outside the country. The scientific facilities at AMTZ would be the first and the only dedicated medical device testing labs in the country. Such type of testing labs will allow manufacturers to overcome deficiencies in their products,</p> |
|------------------|---|---|

| | | |
|--|--|---|
| | | <p>obtain necessary certification and open up more export avenues for Indian medical devices in the global market.</p> <p>The presentation provided details on the four projects proposals of AMTZ as below:</p> <p>i) Setting up of EMI/EMC and Electrical Safety Testing Facility in AMTZ</p> <p>There are only two EMI-EMC labs in India- in Chennai and Mumbai. The third one is available only for defense production and not for industrial use. The facility will help in maintaining adequate standards of healthcare equipment to adhere to international norms and boost medical tourism sector. Service providers for the maintenance of the facility has already been selected through tender. Collectively, INR 15000 Crore medical devices product market would be benefitted from this facility. The Projected Revenue from the proposal for the 1st year is Rs. 28.8 lakhs, which will increase to Rs. 88.8 lakhs by 10th year (revenue share of AMTZ has been indicated as 2% of total revenue of facility + lease rent).</p> <p>ii) Setting up of Biomaterials Testing Facility in AMTZ</p> <p>CEO, AMTZ informed that Standard Bio-Material laboratory accredited COFRAC is available only at SCTIMST, Thiruvananthapuram for laboratory scale testing. Bio-Material testing lab @ AMTZ shall be India's first Industrial scale laboratory for bio-material testing of medical devices. The biomaterials market is expected to reach USD 130.57 Billion by 2020 from USD 62.06 Billion in 2015, at a CAGR of 16%. The facility with all the laboratories collectively would cater to about 32% (Rs. 9,600 Crores) of medical devices product market in India. The Projected Revenue from the proposal for the 1st year is Rs. 25.2 lakhs, which will increase to Rs. 67.2 lakhs by 10th year (revenue share of AMTZ has been indicated as 2% of total revenue of facility + lease rent).</p> <p>iii) Setting up of 3D Design and Rapid Prototyping Facility in AMTZ</p> <p>CEO AMTZ informed that there is only one industrial scale facility for 3-D design in Mumbai. Rest of the 3-D work for medical devices & implants happen in Germany, Singapore and China. The 3-D design facility shall be critical to the innovations, early product development and batch authentication of products. The industrial 3D printing market is expected to reach USD 14.75 Billion by</p> |
|--|--|---|

| | | |
|--|--|---|
| | | <p>2022, at a CAGR of 29.2% between 2016 and 2022. All electronics and implants will need 3-D design and printing, prototyping lab, collectively for a product market of Rs.12, 000 Crore. Medical devices, Aerospace, Consumer Goods, automobile industries will be benefitted from the proposed project. Projected Revenue from the proposal for the 1st year is Rs. 914 lakhs, which will increase to Rs. 2162 lakhs by 10th year (revenue share of AMTZ has been indicated as 2% of total revenue of facility + lease rent).</p> <p>iv) Setting up of center for Gamma Irradiation in AMTZ</p> <p>CEO, AMTZ informed that there are many ethylene oxide and steam sterilization facilities but only few Gamma irradiation Facilities are present in India. Gamma Irradiation is available in Bangalore, Mumbai, Baroda and one facility is Pune which is owned by a Japanese manufacture and used for its own products. Gamma Irradiation facility proposed at AMTZ with cobalt source supply from BRIT/BARC would cater to 15% (INR 4500 Crore) of Medical Device market. Gamma Irradiation is mandatory for the import of medical and food products by countries such as the USA, Europe, New Zealand and Australia. Medical Disposables, Spices and Herbals, Fresh Meat & Seafood, Frutis& Vegetables industries will be benefitted from the proposed facility. Projected Revenue from the proposal for the 1st year is Rs. 103.72 lakhs, which will increase to Rs. 277.68 lakhs by 10th year (revenue share of AMTZ has been indicated as 2% of total revenue of facility + lease rent).</p> <p>CEO, AMTZ responded to the query by the EC regarding the need for funding of all the proposals by mentioning that it would not be practically feasible for a medical device manufacturer located in AMTZ to undertake one test locally and take up the other tests outside the country and thus requested that funding of all the four labs may be considered. He stated that the various laboratories proposed in the project proposals mentioned above are equally important and requested to approve the proposal in principle and consider releasing of 10% of grant under TIES during FY 2017-18. Further release of fund may be considered after 12-14 months as the requirement of fund will arise at that time only.</p> <p>Department of Health & Family Welfare supported all the four above projects. Department of Pharmaceuticals supported the project proposals and mentioned that it did not have any scheme presently to support such projects.</p> |
|--|--|---|

| | | |
|--|--|--|
| | | <p>Based on the revenue projected to be generated from these projects, AS&FA, DoC suggested taking the revenues into account and accordingly, assess the funds required for the proposals and revise the share of grant-in-aid under TIES. EC was of the view that since the proposals were related to the same sector and location they need to be considered as a single project. However, keeping in view the ceiling of funding Rs 20 cr for a project normally under the scheme and the need to provide funds for the establishment of all the facilities, EC was of the opinion that the funding for all the four proposals combined may be restricted to Rs 40.00 Crore only. The rest of the funds may be provided by AMTZ. Details of the requirement of funds annually may be examined and recommended by EP(Engg.). 10% of the total TIES grant may be given in first year. Remaining 90% may be spend over next 4 years. The proposal may be put up afresh in line with the deliberations and discussions.</p> |
|--|--|--|

List of Participants for the 1st Empowered Committee Meeting of TIES held on 09/06/2017 at 11:00 AM under the Chairpersonship of Ms. Rita Teatota, Commerce Secretary in Room No. 47, Udyog Bhavan, New Delhi.

| Sl No. | Name of the participants | Designation/Organization |
|---------------|---------------------------------|---|
| 1. | Sh. J.K. Dadoo | Additional Secretary & Financial Advisor, DoC |
| 2. | Sh. A. K.Bhalla | DGFT |
| 3. | Sh. Guru Prasad Mohapatra | Chairman, AAI |
| 4. | Sh. Sanjay Chadha | Joint Secretary, DoC |
| 5. | Sh. B. S. Bhalla | Joint Secretary, DoC |
| 6. | Sh. Sudhir Kumar | Jt. Advisor, NITI Aayog |
| 7. | Shri. G.S.Negi | Eco. Adviser, DIPP |
| 8. | Ms. Mamta Shankar | Eco. Adviser, DONER |
| 9. | Ms. Sushmita Dasgupta | Economic Adviser, DoC |
| 10. | Ms. Vandana Aggarwal, | Eco. Adviser, M/o Civil Aviation |
| 11. | Sh. B. Praveen | Director, DoC |
| 12. | Sh. N. Ramesh | Director, DoC |
| 13. | Shri. P.V. Harikrishna | Director, DoC |
| 14. | Ms. Anice J Chandra | Director, EP(Pharma), DoC |
| 15. | Sh. D. N. Sahoo, | Dy. Secretary, M/o Health & FW |
| 16. | Sh. Parveen Kumar | US(Medical Devices), D/o Pharmaceuticals |
| 17. | Sh. S. K. Jha | US, D/o Pharmaceuticals |
| 18. | Ms. Shalini Gupta | Asst. Director, DIPP |
| 19. | Shri M. Prabhu | MD, VTPC |
| 20. | Dr. Safeena A.N. | DC, Cochin SEZ |
| 21. | Shri. Anil Kumar | Director, MPEDA |
| 22. | Shri. Sunil Kumar | Dy. Director, MPEDA |
| 23. | Shri. V.K.Sitetty | MD, KFDC |
| 24. | Shri. S.B. Sinha | Adviser HTC, NHSRC |
| 25. | Shri. Nitin Bharadwaj | VP, AMTZ |
| 26. | Dr. Jitendar Sharma | Director & CEO, AMTZ |
| 27. | Shri. Ch. Avinash, | Manager, AMTZ |
| 28. | Shri B.K. Mehrotra | GM (Cargo), AAI |
| 29. | Ms. Neera Rawat | ED/ CARGO, AAI |
| 30. | Sh. Keku Gazdevz, CEO | AAICLAS |
| 31. | Sh. C. B. Jain | SM(P/G), AAI |
| 32. | Shri M. Mishra Natwar | US(States Cell), DoC |