

No. K-46012/8/2017-States Cell
Government of India
Ministry of Commerce & Industry
Department of Commerce

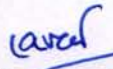
Udyog Bhawan, New Delhi
Dated 17th Oct, 2017

OFFICE MEMORANDUM

Sub: Minutes of the 2nd meeting of the Empowered Committee on TIES for the year 2017-18 - reg.

The undersigned is directed to forward herewith the minutes of 2nd meeting of the Empowered Committee (EC) on TIES for the year F.Y. 2017-18 held under the Chairpersonship of Ms. Rita Teatota, Commerce Secretary in the Room No. 141, Udyog Bhawan, New Delhi on 9th October, 2017 for information and further necessary action.

Receipt of the minutes may kindly be acknowledged.


(B. Praveen)
Director
Tel No. 23062704
Email: b.praveen@nic.in

Encl: As above

To,
All concerned agencies
(As pre list enclosed)

Copy forwarded for information to:

1. Secretary, Department of Industrial Policy & Promotion
2. Joint Secretary (NE) {Kind Attn.: Sh. Satyendra Garg}, Ministry of Home Affairs, North Block, New Delhi
3. Ministry of Development of North East Region (DoNER), (Kind Attn. Ms Mamta Shankar, Economic Advisor), Vigyan Bhawan Annexe, New Delhi.
4. Sh. Dheeraj Nayyar, OSD, Niti Aayog, Yojana Bhawan, New Delhi.

Copy forwarded for information to:

PPS to CS/ AS&FA/ DGFT/ AS(SK)/ JS(SKS)/ JS(BSB)/ JS(SC)/ JS(SM)/ JS(AP)/ JS(MD) /Addl. DGFT(NKS) /EA(APM)

List of Nodal Departments/ Agency

1. Sh. Lav Agarwal, Joint Secretary, M/o Health & Family Welfare, Nirman Bhawan, New Delhi
2. Smt. Aparna S Sharma, Joint Secretary, D/o Chemical and Petrochemicals, M/o Chemical & Fertilizer, Shastri Bhawan, New Delhi
3. Shri Deepak Kumar, Executive Director, ITPO
4. Dr. A. Jayathilak, Chairman, Spices Board, Sugandha Bhawan, N.H. By-pass, P.B. No. 2277 Palarivattom P.O., Cochin – 682025
5. Sh. V. L. Kantha Rao, Industries Commissioner, Govt. of M.P., Directorate of Industries, Mantralaya, Vallabh Bhawan, Bhopal 462004
6. Dr. N.C. Saha, Director, Indian Institute of Packaging (IIP), Plot E-2, Road No. 8, MIDC Area, Andheri (E), Mumbai 400 093
7. Shri Balmiki Prasad, Director, MHA, NDCC Building, New Delhi
8. Sh. P K Mishra, Director (Projects), Land Ports Authority of India, Ministry of Home Affairs, 1st Floor, Lok Nayak Bhawan, Khan Market, New Delhi – 110511
9. Sh. S. Visakan, Managing Director, Tamilnadu Trade Promotion Organisation (TNTPO), Chennai Trade Centre Complex, Mount Poonamallee Road, Nandambakkam, Chennai – 600 089
10. Advanced Research School for Technology & Product Simulation, Central Institute of Plastics Engineering & Technology (CIPET) {Kind Attn.: Mr. M. Abdul Kader, Pr. Scientist}, TVK Industrial Estate, Guindy, Chennai – 600 032.
11. Sh. K. Palanivel Raja, Director & Head, Central Institute of Plastics Engineering & Technology (CIPET) Guindy, Chennai – 600 032
12. Sh. R.P. Khandelwal, Chairman, HLL Medipark Ltd., C/o HLL Lifecare Ltd, No.12, Veachery-Taramani Road, Velachery, Chennai -600042

Minutes of the 2nd 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 09.10.2017 (Monday) at 03:00 P.M. in Room No. 141, Udyog Bhawan, New Delhi.

List of participants is annexed.

The proposals received from implementing agencies under TIES for funding were appraised and details presented by PricewaterhouseCoopers (PwC) which has been appointed as Project Monitoring Agency. The proposals were deliberated in the Empowered Committee as below and decisions were taken accordingly:

Agenda Item No. 1

Agency / Project details - Tamil Nadu Trade Promotion Organisation, a joint venture of ITPO (Govt. of India) and TIDCO (Govt. of Tamil Nadu)

Proposal - Expansion project of Chennai Trade Centre

Total project cost - Rs. 288.16 Cr

- TIES share requested - Rs. 20.00 Cr.
- TNTPO (own resources) – Rs. 85.00 Cr.
- Term Loan from SBI – Rs. 183.16 Cr.

It was presented by the PMA that globally Exhibitions / Trade shows industry is worth USD\$ 55 billion with more than 31000 exhibitions taking place every year. As per Global Association of the Exhibition Industry (UFI), global indoor exhibition space is around 32.6 million sq.m out of which USA, China and Europe accounts for nearly 80% of space and India accounts only 0.9% of Global Exhibition space. In Indian over 700 major trade shows taking place every year and the industry is growing @ 12% per annum.

PMA informed that Tamil Nadu being a coastal state and Chennai being a major port city, forms the focal point for many industrial corridors and positions itself as a key location for promoting foreign trade. Chennai trade Centre (10560 sq. m) is one of the 2 Trade centres available in Tamil Nadu with one being in Coimbatore (19000 sq.m.).

PMA further informed that the current TNTPO facility is in the heart of the city and located within 7 km from the airport. The existing exhibition centre and convention centre has a utilization rate of 73% and 57% respectively and hence the need for an additional exhibition space is being felt with respect to holding big international fairs and events.

From the financing structure part, PMA informed that INR 85 Cr is being put by TNTPO as part of its equity share and has got in-principal approval of SBI bank for its loan part

amounting to INR 183.16 Cr. Based on the financial projection submitted by TNTPO, the project's payback period will be 5.73 years and with its project IRR as 15.92%

MD, TNTPO mentioned that approx. 25000 sq.mt of exhibition space is required to hold any international exhibitions / seminars. The current Trade centre has exhibition space of 10560 sq. m. Thus, the need for expansion, which will increase the exhibition space to international standards. The proposed facility is expected to be completed by December, 2018.

EC enquired about TNTPO's utilization post construction of entire facility on which MD, TNTPO responded that a market assessment has been conducted by M/s Neilsen which projects future demand for the augmented facility.

EC observed that the proposal has also been recommended by ITPO (India Trade Promotion Organization).

EC decided to approve the proposal for TIES share of Rs. 20 Crore and release of first installment of Rs. 10 Crore.

Agenda Item No. 2

Agency / Project details - Land Ports Authority of India, Ministry of Home Affairs, Government of India

Proposal - Development of Integrated Check Post Petrapole: Proposal for construction of additional truck parking under TIES

Total project cost - Rs. 17.64 Cr

- TIES share requested - Rs. 7.47 Cr
- LPAI (own resources) – Rs. 10.17 Cr

It was presented by the PMA that ICP Petrapole is one of the busiest Land Customs station in Asia and accounts for 70% of the Indo – Bangladesh trade. This proposal is for enhancing the existing parking space of 1500 trucks by adding additional parking space for 240 trucks. However, the traffic inflow at the facility is witnessing nearly 2000 trucks every day at the checkpost. This overflow of traffic is causing lot of congestion on the highway outside the ICP Petrapole because of limited parking space in the premises and is becoming a key public safety concern. Also, the problem is getting aggravated as the ICP Benapole (Bangladesh) allows only 300 –trucks and 100 chassis across the border every day, which is causing huge back log /pendency.

Director (Projects), Land Port Authority of India, Ministry of Home Affair (MHA) informed that limited parking space in the premises is becoming a key public safety concern due to trucks being parked outside and on the highway. Thus, the increase in parking space is a current necessity. He also informed that the remaining open area available with the LPAI remains water logged throughout the year. Only incremental coverage of the area is feasible. Accordingly 240 truck parking covering an area of 10800 sq m. is proposed.

PMA informed that the proposed project is expected to be completed with a total project cost of 17.64 Cr for which LPAI is seeking 50% share from TIES scheme and remaining will be invested by LPAI.

It was apprised by the PMA that, currently LPAI will be charging INR 250 per day per truck as parking charges with which their project IRR comes out to be 18.27% and the payback period is 7 years.

Commerce Secretary pointed out that construction or expansion of parking space for additional 240 trucks would not address the overall problem of congestion at the ICP Petrapole. The solution needs to cover the broader issues of tackling the bottlenecks impacting the trade at Petrapole. She also observed that the total duration of 18 months proposed for construction of parking needs to be considerably reduced and it should be explored whether it could be done in a phased manner.

EC was of the opinion that LPAI may propose an overall solution or strategy for resolving the issues being faced along the border with Bangladesh of which the existing proposal may form a part. Commerce Secretary directed that FT(SA) Division may discuss with LPAI to draw the overall strategic plan to ease the existing trade movement across the border to bring out the export perspective clearly.

EC gave in-principle approval for Rs 7.47 Cr for the proposal subject to the following:

1. LPAI providing the details of the overall solution in coordination with FT(SA) division
2. Phasing of the civil construction of the project in a manner to augment the parking capacity during various phases of the construction.

Agenda Item No. 3

Agency / Project details - HLL Medipark Limited, Chennai, Tamil Nadu (A Government of India Enterprise)

Proposal - Setting up of Electro Magnetic Interference/Electro Magnetic Compatibility (EMI/EMC) Lab for Medical Technology at Chengalpattu, Tamil Nadu

Total project cost - Rs. 21.07 Cr

- TIES share requested - Rs. 10.55 Cr
- Loan from financial institution – Rs. 10.52. Cr

It was presented by the PMA that the current Indian medical devices industry represents just 1.13% of the global medical devices market. Indian medical device industry comes in the top twenty in the world by market size. Indian medical device industry is heavily import dependent with only ~30% manufactured domestically. Exports have increased by a CAGR of ~25% from 2012-16. Most of the devices especially high end equipment is imported and one of the reasons for lack of manufacturing in India is due to non-availability of testing labs thus underlining the importance of establishment of an EMI/EMC testing lab.

PMA informed that there are a few medical device manufacturing clusters being established in Andhra Pradesh, Tamil Nadu, and Gujarat. However, HLL Medipark being set up in Chennai will be India's first medical technology manufacturing cluster. The EMI/EMC labs which are present in region are in Chennai (for electronic equipment) and Bangalore (in-house facility of a multinational company). Hence, such lab will help manufacturers in testing high end medical equipment in India and thereby increase the exports.

CEO, HLL informed the EC that Medipark is a national level initiative of Ministry of Health & Family Welfare, Govt. of India to develop medical technology sector in the country. HML is joint initiative of M/o Health & Family Welfare (MoH&FW) and Govt of Tamil Nadu (GoTN). TIDCO, a GoTN enterprise, is a joint venture partner in HML. It was also informed that HLL lifecare has also made its equity contribution of Rs 50 Cr in the overall project. Medipark is being developed by HLL Lifecare Limited in 330 acres of land provided by MoH&FW near Chennai. Out of the total land 8.7 acres is earmarked for knowledge management infrastructure which will have 7000 sq. ft. of built up area for the proposed EMI/EMC lab

Addl. Secretary & Financial Adviser expressed concerns regarding similar medical device manufacturing parks coming up in states like Andhra Pradesh which would affect the revenues of this lab. The CEO, HLL Medipark Ltd (HML) in his response said that they have envisaged 30-40% of revenues being generated from outside in the initial stages gradually decreasing with establishment of in-house captive manufacturers and have taken conservative estimates in their revenue projections to account for other parks being developed.

Joint Secretary(Infrastructure) brought to the notice of EC that in the implementation plan of the project, equipment procurement was taking 9 months of time and being done after the civil works were completed. The CEO, HML responded that since equipment was being imported it will take time to procure everything. The CEO, HLL mentioned that they need 3 months to design building plans and tendering of the civil works after which equipment tendering can be initiated. EC opined that equipment tendering can be initiated with a delay of 3-4 weeks so that both civil works and equipment procurement can be done together so that timeline to start the operations of the lab can be reduced.

From the financing structure part, it was informed by PMA that INR 10.52 Cr out of the overall project cost of INR 21.07 Cr is being taken up as a loan, however approval of the loan is awaited and it is expected in October 2017. As per the user charges and financial projections of the proposed EMI/EMC lab, the project IRR is 19.64% and average DSCR is 1.77.

The project has been recommended by the Ministry of Health and Family Welfare.

EC suggested that building / Civil works tender to be floated at the earliest and the tenders for Plant and Machinery should be floated within 1 month of issue of civil works tender

EC decided to approve the TIES share of Rs 9.56 Cr and release of first installment of Rs. 4.78 Crore.

Agenda Item No. 4

Agency / Project details - Madhya Pradesh State Tourism Development Corporation, Govt. of Madhya Pradesh

Proposal - Establishment of Trade Promotion Centre at Minto Hall, Bhopal

Total project cost - Rs. 49.39 Cr

- TIES share requested - Rs. 20 Cr
- State Government of Madhya Pradesh – Rs. 29.39 Cr

It was presented by the PMA that India currently ranks 31st in the world in MICE tourism with a total of 116 global conferences in the year 2015-16 and that Madhya Pradesh is one of the fastest growing states with a CAGR of 9.5% from 2013-15. The state has witnessed rapid industrial growth with various industries development coming along the major cities like Bhopal (*Engineering, Textile, Auto, IT, Food processing*), Indore (*Pharma, Textile, Food*) and Jabalpur (*Garments, Mineral, Stone, Forest, Herbal*). From the proposed project site there are two major industrial hubs located within 20 km which are Mandideep and Pilukhedi regions and their exports have risen at a CAGR of 15.17% with 80% growth in the last 2 years. With all these development happening MP is ranked 7th amongst all exporting states of the country with tremendous potential to export more. Hence there is a need felt for creating infrastructure pertaining to Trade Promotion Centre for enabling growth of trade emanating from the region.

MD, MPSTDC mentioned historical significance of Minto Hall and stressed the importance of proposed facility for nearby industrial areas of Mandideep and Pilukhedi. MD also mentioned that existing facilities in vicinity of Bhopal are of lesser capacity of approximately 400 in comparison to 1200 capacity proposed to be developed at the centre.

MD, MPSTDC also pointed out that the Government of MP is committed for establishment of the Trade Centre and shall be investing the remaining Rs 29.39 Cr. MD, MPSTDC also mentioned that budgetary provision of Rs 26 Crore has been made out of which Rs 17 Crore has been spent.

It was also informed by MPSTDC that the Trade Promotion Centre is being developed in co-ordination with the Department of Industries. MPSTDC looks after the MICE activities in the state with its expertise in event management. The Department of Industries will be providing the necessary support in bringing together the export based units and manufacturers in the state who can leverage the facilities to promote exports from the region. The facility shall be utilized as a platform to promote and display the industrial and agricultural products and facilitate G2B and B2B meet in the state's efforts to promote exports and attract investment.

PMA informed that as per the financial projections presented for the proposed facility, the IRR calculated is 12.4% and operational breakeven is in less than 5 years from the date of operations. The State govt. has committed its share of the project.

The proposal has also been recommended by Export Commissioner of the state. The representative of ITPO also supported the proposal.

EC expressed concerns regarding the capacities of the personnel managing the centre. It was suggested that the implementing agency should address the issues related to the soft skills necessary for managing the centre in a self-sustaining manner. It may also be ensured that personnel having necessary skill set/experience in export promotion be deployed at the facility.

EC accorded the approval on TIES share for Rs 17.67 Cr for establishment of Trade Promotion Centre at Minto Hall, Bhopal and release of first installment of Rs 9 Crore.

Agenda Item No. 5

Agency / Project details – Indian Institute of Packaging

Proposal - Establish a new temporary testing facility of IIP in Ahmedabad \

Total project cost - Rs. 24.12 Cr

TIES share requested - Rs. 12.06 Cr out of which initial grant of Rs 5.18 Cr is requested
State Government Share; Rs 8.44
Industry Contribution: Rs 3.62 Cr

It was presented by the PMA that packaging industry globally stands at USD 700 billion and in India it grew at a CAGR of 16% in 2010-15 and touched USD 32 billion. The Indian packaging industry constitutes only ~4% of global packaging and per capital consumption is low. Packaging industry is highly fragmented and has 22000 firms mostly MSMEs. The challenges faced by packaging industry are lack of proper training of packaging professionals and more IIP facilities which provides training to packaging professionals would aid in bringing more skilled labour. Further, Gujarat is the second largest exporter state in India after Maharashtra and contributes to 22% of India's exports. The exports have increased at a CAGR of 8% from year 2008-15. Most of the chemical, pharma, FMCG units of Gujarat procure packaging material from Gujarat's manufacturers who have to avail testing facilities at IIP Mumbai as it is the sole facility that can issue UN certification and transport worthiness certification. IIP Mumbai issues around 6000 certifications per month and 60% of these requests come from Gujarat underlining the importance of establishing an IIP facility in Gujarat.

PMA further informed that as per the user charges and financial projections of the proposed facility submitted, the IRR calculated is 15.5% and payback period is 14 years.

The Director, IIP Mumbai mentioned that they have started limited operations in Gujarat in a temporary facility and have already invested Rs 2 crore for equipment procurement.

Commerce Secretary pointed out that the Gujarat Government is yet to show its commitment to the project and approve the land and fund allocation for new IIP facility.

EC was of the opinion that the establishment of the facility in Gujarat would affect the revenues of facility in Mumbai and the establishment of new, competing testing facility in Gujarat would not be prudent without any firm assurance from the State Government.

The EC decided to defer the project until equity/funding commitment is approved by the State Government of Gujarat.

Agenda Item No. 6

Agency / Project details – Central Institute of Plastics Engineering & Technology (CIPET)

Proposal - Establishment of “Testing facilities for sample testing of export items”

Total project cost - Rs. 10.15 Cr

- TIES share requested - Rs. 5.075 Cr
- CIPET (own resources) – Rs 5.075 Cr

Under Secretary, Ministry of Chemical & Fertilizer informed the EC during the beginning of the presentation that the proposals of CIPET are under examination under the Ministry and approval on the proposal is yet to be provided.

Addl. Secretary & Financial Advisor desired that CIPET being an organization funded by Ministry of Chemicals and Fertilisers, may explore the possibility of funding this project entirely by the parent department.

EC decided to defer the proposal as the proposal has not been approved by the nodal Ministry and also is incomplete.

Agenda Item No. 7

Agency / Project details – Advanced Research School for Technology & Product Simulation (ARSTPS), R&D wing of CIPET, Chennai

Proposal - Establishment of Common Facilities Centre for Design, Prototype & Tool room for automobile, aerospace & engineering clusters

Total project cost - Rs. 32.00 Cr

- TIES share requested - Rs. 16.00 Cr
- CIPET (own resources) – Rs 16.00 Cr

Under Secretary, Ministry of Chemical & Fertilizer informed the EC during the beginning of the presentation that the proposals of CIPET are being examined in the nodal ministry and not yet approved.

EC observed that recommendation from Department of Heavy Industries, may also be obtained, as the project falls under their area of expertise.

Addl. Secretary & Financial Advisor desired that CIPET being an organization funded by Ministry of Chemicals and Fertilisers, may explore the possibility of funding this project entirely by the parent department.

EC decided to defer the proposal as the proposal has not been approved by the nodal Ministry and also is incomplete.

Agenda Item No. 8

Agency / Project details – Central Institute of Plastics Engineering & Technology (CIPET)

Proposal - Common Testing Facilities for Physical-Chemical, Toxicological, Eco Toxicological Testing For Chemical Industries

Total project cost - Rs. 22.80 Cr

- TIES share requested - Rs. 11.40 Cr
- CIPET (own resources) – Rs 11.40 Cr

Under Secretary, Ministry of Chemical & Fertilizer informed the EC during the beginning of the presentation that the proposals of CIPET are under examination under the Ministry and approval on the proposal is yet to be provided.

Addl. Secretary & Financial Advisor desired that CIPET being an organization funded by Ministry of Chemicals and Fertilisers, may explore the possibility of funding this project entirely by the parent department.

EC decided to defer the proposal as the proposal has not been approved by the nodal Ministry and also is incomplete.

Agenda Item No. 9

Agency / Project details – Spices Board

Proposal - Establishment of Spices Complex at Sikkim

Total project cost - Rs. 29.96 Cr

- TIES share requested Rs. 20.00 Cr
- Spices Board Rs 9.96 Cr

It was presented by the PMA that the global seasonings and spices market which was valued at US\$12.7 bn in 2012, is expected to reach US\$16.6 bn by 2019, expanding at a CAGR of 4.8% between 2013 and 2019 and India stands to draw direct benefits from this growth. India commands a significant share of the world trade in spices accounting for 48% in volume and 43% in value. The Ministry of Commerce had envisaged to develop spice parks in all Indian states with the aim to facilitate and enhance spice production within the country.

Spices Board informed that production of large cardamom in NER which is the organic area by default, led to a rise in its exports by 30% in volume and 9% in value. However, NER lacks common infrastructural facilities required for processing, value addition and packaging of spices. In this context, spice complex at Sikkim is being established with the aim to promote spice production in NER and thereby develop exportable surplus of spices.

The Economic Advisor, DONER pointed out that the DPR had mentioned turmeric production in certain North Eastern states to be zero which is not the case. While NER has suitable climate for the production of spices, the landscape of the region limits the volume that can be grown and thus raises the question whether exports of spices from the region is economically viable or if there will be any export surplus generated from the region

Also, she further suggested that instead of creating a centralized facility that would provide processing and storage facilities for spices in the state, the Spice Board should work towards creating small primary facility centers that are decentralized and present locally. These facilities can enable and promote the production of spices in the state.

EC observed that major portion of the proposed project cost is going towards creating building - Civil infrastructure. However, the State Govt. of Sikkim has several abandoned buildings that can be refurbished and utilized for this purpose.

The EC was of the opinion that the proposed facility in Sikkim for the Spices Park will not cater to the needs of entire NER. EC further observed that a few existing spices parks are not operating fully and are not able to fully realise the benefits from the current operational spices parks.

EC decided to defer the project and directed the Spice Board to revise the proposal so as to cater to the needs of entire NER. EC further directed Spices Board / Plantation division, DoC to submit a report on the operationalization of the existing spices parks.

List of Participants for the 2nd Empowered Committee Meeting of TIES held on 09/10/2017 at 03:00 PM under the Chairpersonship of Ms. Rita Teotia, Commerce Secretary in Room No. 141, Udyog Bhavan, New Delhi.

<u>Sl. No.</u>	<u>Name of the participants</u>	<u>Designation/ Organization</u>
1.	Sh. J.K. Dadoo	Additional Secretary & Financial Advisor, DoC
2.	Sh. Alok Chaturvedi	DGFT
3.	Sh. Sanjay Chadha	Joint Secretary, DoC
4.	Sh. Shyamal Misra	Joint Secretary, DoC
5.	Sh. Nikunj Srivastava	Addl. DGFT, DoC
6.	Ms. Rupa Dutta	Economic Adviser, DoC
7.	Ms. Mamta Shankar	Economic Adviser, DoNER
8.	Sh. B.Praveen	Director, DoC
9.	Sh. P. K. Mishra	Director(Projects), LPAI, MHA
10.	Sh. P. Dasgupta	Deputy Secretary, DIPP
11.	Ms. Padma Ganesh	Deputy Secretary, DoC
12.	Sh. J. P. Singh	Under Secretary, D/o Chemicals & Petro-Chemicals
13.	Ms. Anjali Anand	Under Secretary, DoC
14.	Sh. S.Muthukumar	Under Secretary, DoC
15.	Sh. M.Mishra Natwar	Under Secretary, DoC
16.	Ms. Chhavi Bhardwaj	MD, MPSTDC
17.	Sh. R.P.Khandelwal	CMD, HLL Medipark Ltd.
18.	Sh. S.Ravindra	CEO, HLL Medipark Ltd.
19.	Sh. S.Visakan	MD, TNTPO

20.	Sh. M.K.N. Kumar	Manager & CS, TNTPO
21.	Dr. N.C.Saha	Director, IIP
22.	Sh. N.A.Devananda Shenoy	Dy. Director, Spices Board, Gangtok, Sikkim.
23.	Sh. S.R.Sahoo	GM & Company Secretary, ITPO
24.	Dr.M. Abdul Kader	Principal Scientist, ARSTPS-CIPET, Chennai
25.	Sh. N.Mohankumar	Senior Technical Officer, CIPET, Chennai
26.	Sh. Sanjay Garg	Partner, PwC representing the PMA
27.	Sh. Dhruv Gadh	Associate Director, PwC, representing the PMA
28.	Sh. Ankur Mishra	Manager, PwC, representing the PMA