

**A strategy Paper on augmenting export of
Value Added
Products from India
Terms of Reference for the Study**

Background

India, with a large and diverse agriculture, is among the worlds leading producers of agro products viz. cereals, milk, sugar, fruits and vegetables. Therefore, agro exports are a key area of focus. During 2013-14, export of agro products from India, including cotton, stood at USD 42.5 billion with a share of 13.6% in the total merchandise export from the country. The CAGR of agro exports during the period 2004-2014 has been 19%.

It is a matter of satisfaction that India's role in global export of agricultural products is steadily increasing. India has reached sixth place amongst the major exporters of agriculture products globally as per WTO trade data for 2013. Our share in global exports of agriculture products which used to hover around 1- 1.5 % a few years ago has reached a respectable level of 2.7%. However, considering the large and diverse production base, there is immense potential which can be harnessed by further value addition to the agro produce.

Government is seized of the factors that continue to impede the agro exports from the country. Structural imbalances leading to inconsistency in quality and lack of assured availability of raw materials on a regular basis are being addressed with the initiatives from various agencies both in the Central and State Governments. However, in view of the diversity in the ways in which agriculture production happens in different parts of our large country, a lot still needs to be done.

In recent years, the factors influencing global trade in agro and food products have undergone a significant change. Through the multi lateral negotiations, the import duties have gone down considerably. The import duties are no longer considered as a major barrier to the international trade. The role of non-tariff barriers has increased progressively. There is need for addressing the issues relating to sanitary and phyto- sanitary measures for which adoption of global standards at all stages of supply chain would help us over come these trade barriers. In view of multiplicity of stake holders in supply chain importance of backward linkages cannot be undermined.

Out of the USD 5.2 billion export of processed agro products during 2013-14, the major products like pulverized guar gum (US\$1683 million), wheat flour (US\$135 million), groundnut kernels (US\$500 million), mango pulp (US \$ 130 million) etc. are largely primary processed items. Among the top ten products with substantial value addition, it is seen that in the area of

biscuits & confectionery (US\$170 million) and in Indian ethnic foods which come in the category of other food preparations not elsewhere specified (US\$ 113 million) we have some presence in the global market. Undeniably, there is a huge scope to enhance the export of value added products and there is a need to increase our focus on value added items that can take us up in the global value chain of agro and food products. In view of the large demand in domestic market for most of our agro produce, export of processed and value added products would be the key to further growth in agro exports from India.

Eligibility Criterion

The agencies having following minimum qualification are hereby invited for bid.

- a) A registered consulting firm with minimum 5 years of experience in providing consultancy services in the field of market research, monitoring and evaluating studies, infrastructure development in PPP mode with demonstrated experience in food and agribusiness domain.
- b) Annual turnover of at least INR 5 crores during each of the last three years available.
- c) National/ International experience in providing consultancy services for formulation of vision/ strategy for Governments (National or State Governments) in development of agriculture/ food processing.
- d) Conducted at last 3 studies for the Government of India including State Governments or Central Government Organizations in the development of agriculture/ industrial infrastructure in last 5 years.

Scope of the Proposed Study

In view of the above background, APEDA proposes to award a study for:

- (i) Analysing the export trend of value added/processed agro products from India over last 5 years and identification of 10 value added/processed agro products with biggest export potential in view of the global demand and revealed comparative advantage (RCA) for India. It is needless to reiterate that the identification of products will be solely on the basis of export potential and a feasibility of scaling up Indian export in the global market.
- (ii) Analysing factors for RCA for identified products and examine global market trends to arrive at export projections for these products over next 5 years. Do a comparative analysis of major exporting countries for the identified products and describe their competitive advantage vis-à-vis India.

- (iii) Identifying possible challenges for these products including gaps in production/availability of raw materials, technology used, productivity levels and quality standards .
- (iv) Suggesting an Action plan for meeting possible challenges to growth and export potential for these products including measures for ensuring availability of raw materials, induction of modern technology in both production and processing and meeting quality and safety standards of global market etc.;
- (v) Suggesting a package of possible incentives by the Government Agencies, including fiscal concessions and creation of common infrastructure facilities, to implement the Action Plan to help and meet export projections for these products;
- (vi) Studying supply chain of identified products in some of the competing countries and suggesting model(s) for adoption by states in India;
- (vii) Studying sanitary and phyto-sanitary and other quality requirements of the target markets and need of infrastructure for growers and processors to address these requirements ;
- (viii) Studying GSP and other preferential duties applicable for the export of identified value added/processed products in the target markets and suggestions for the government for taking up the issues with trade partners in RTAs/FTAs ;

Period of Study

The study is expected to be completed in a period of one and a half months from the date of award of work. However, applicants may propose specific period which would be taken by them in case the study is awarded to the organisation.

Terms of Payment

- (i) 40% of the quoted price as advance against bank guarantee as per the format provided by APEDA
- (ii) 40% against submission of draft study report and presentation before APEDA and MOFPI officials. The payment is contingent upon satisfaction of the designated committee consisting of officials of APEDA and MOFPI regarding meeting the deliverables as per the scope of the study above.

- (iii) 20% after submission of final study report incorporating changes as required by APEDA based on the presentation of draft report.

Submission of Bids

Bids are to be submitted in two parts, technical and financial, in separate sealed covers super scribed as 'Bid for strategy paper on augmenting export of value added products from India '. The technical bids should contain the details about experience of the applicant organizations about carrying out studies in the fields of agro processing, industrial development and export promotion. The turn over from such studies in last three years is required to be indicated. The details about team of experts proposed to be deployed for the study and methodology to be adopted for the study are required to be provided in the technical bid.

Bids complete in all respects are to be submitted within 10 days from the date of release of advertisement (5 p.m.) to Shri Tarun Bajaj, General Manager, APEDA at below mentioned address

Agricultural & Processed Food Products Export Development Authority (APEDA), Ministry of Commerce & Industry , Govt. of India, NCUI Building, 3 Siri Institutional Area, August Kranti Marg , New Delhi 110 016