

**Evaluation of
International Trade Centre
(UNCTAD/WTO)**

**Volume 3
Country Reports**

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Exchange Rates (October 2005)

Currency	USD 1.00	EUR 1.00
<i>Indian Rupees, INR</i>	44.87	54.24

List of Acronyms

ACMA	Automotive Component Manufacturers Association of India
ASEAN	Association of South-East Asian Nations
ASSOCHAM	Associated Chambers of Commerce and Industry
BAS	Business Advisory Services
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
DCH	Development Commissioner – Handicrafts
DFID	Department for International Development of UK
DTA	Domestic Tariff Area
EPRP	Export-Led Poverty Reduction Programme
EU	European Union
FICCI	Federation of Indian Chambers of Commerce and Industry
Fit	Competitive Fitness Benchmarking Tool for the Clothing Sector
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HHEC	The Handicrafts and Handloom Export Corporation of India Limited
IIMM	Indian Institute of Materials Management
IIP	Indian Institute of Packaging
INR	Indian Rupee
IPSM	International Purchasing and Supply Management
IT	Information Technology
ITC	International Trade Centre
ITPO	India Trade Promotion Organisation
MLS	Modular Learning System
NGO	Non-Governmental Organisation
PACKit	Integrated Export Packaging Information Kit
SAARC	South Asian Agreement for Regional Co-operation
SEZ	Special Economic Zone
SAFTA	South Asia Free Trade Agreement
SME	Small or Medium-sized Enterprise
SSI	Small Scale Industry
TA	Technical Assistance
TPOs	Trade Promotion Offices
TRTA	Trade Related Technical Assistance

TSIs	Trade Support Institutions
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
USD	United States Dollar
WTO	World Trade Organisation

1 India Country Report

India is a large low-income developing country with a population exceeding 1 billion people and a poverty rate of 33%. India has a diverse economy, which is seeking to improve its trade performance and pursue a more outward-oriented development strategy. Thus, India seems to be a suitable recipient for International Trade Centre (ITC) technical assistance and for the utilisation of ITC products and tools.

The interventions of ITC in India are relatively limited when set against the scale of the development challenges of India. Nonetheless, the Evaluation seeks to examine how ITC interventions have contributed to development in India.

The Background section of this report includes:

- A brief discussion of the methodology and process of the evaluation drawing on the Inception Report and a discussion of the ITC projects sampled for the evaluation;
- A brief country profile with a discussion of the trade and development context for India; and
- A review of ITC experience in the country.

The findings are presented as follows:

- Findings on the horizontal issues related to product and Headquarters studies of ITC;
- Findings on the evaluation criteria for the ITC interventions in India; and
- Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT).

Finally conclusions and recommendations are presented. The Annexes contain detailed information on ITC projects, a list of persons contacted and data sheets drawn from the country evaluation tools prepared in the country.

1.1 Methodology

The overall methodology for the country studies and the Technical Related Trade Assistance (TRTA) reference framework was presented in the Inception Report, and the process of evaluating ITC interventions at the country level is presented in the introduction to this volume. This section summarises the key methodological points relevant to the evaluation of ITC interventions in India.

The selection of India as one of the 10 country studies for the Evaluation was discussed with the Core Group supervising the Evaluation and is extensively discussed in the Inception Report. The overall approach to country selection emphasised countries drawn from every region of the world where ITC operates, countries at different levels of development, and countries where ITC has a significant range of activities.

India was chosen to represent both the South Asian Region and developing economies. It is the only extremely large developing country. It was also considered to be more

representative than the Peoples Republic of China, which has a higher income level and greater export orientation.

Sampling of Projects for Evaluation

A sample of five projects was selected for India, based on the following criteria to ensure representative coverage:

- Country specific as well as multi-country projects;
- On-going as well as completed projects; and
- Projects covering majority of the ITC competence areas.

Table 1: ITC Projects in India Selected for Evaluation

S.No.	Project Description	Project Code
1	Promoting export of wood based handicrafts	IND/95/001A
2	Empowerment of rural communities to export spices	IND/95/06A
3	E-trade bridge for SMEs ¹	INT/W2/08A
4	Field testing and PACKit ² Training in five Asian countries	INT/W3/98A
5	Development of IPSM3 training & consultancy support	RAS/61/81A

The sample covers a mix of two country-specific and three multi country projects. Three projects had already been completed at the time of the evaluation while two were still under implementation/ongoing.

The entries in the database and the projects sampled were classified according to the various ITC competencies and crosscutting issues/development concerns, as per the evaluation matrix elaborated during the inception phase of the evaluation. Some of the entries/projects address more than one competence area. The selected projects address different development concerns and crosscutting issues. The selected projects also cover most of the ITC competencies areas, as evident from the table below.

Table 2: Number of Projects/Entries Relating to ITC Competence Areas

Projects/Entries	No. of entries (of total 21 entries)	No. of projects (of total 5 projects sampled)
ITC Competence Area		
MTS and business implications	5	4
Enterprise management and competitiveness	4	2
Market analysis and strategic market research	3	3
Public-private partnership/ networking	2	2
Trade in services	1	1
Trade information system	2	2

¹ Small or Medium-sized Enterprises

² Integrated Export Packaging Information Kit

³ International Purchasing and Supply Management

Projects/Entries	No. of entries (of total 21 entries)	No. of projects (of total 5 projects sampled)
E-competence	5	2
Trade finance	-	-
Export packaging	1	1
Legal aspects	1	-
Institutional infrastructure strengthening	3	2
Cross cutting issues/ Development concerns		
Environment concerns	4	2
Gender	3	2
Poverty reduction	7	2
Coordination with partners	-	-
South-South trade promotion	3	-
Digital divide	5	2

Note: Projects sometimes have more than one entry in the project portal and entries sometimes involve more than one competence.

Methodology of the Country Study

A local consultant with appropriate background and experience was recruited and a short training course was carried out in Nairobi, for familiarisation with the project documents, evaluation questionnaires and other tools. Local consultants were responsible for preparing the country data sheets; project data sheets and Trade Support Institution (TSI) data sheets in advance, and also initiate preparations for the field study.

The Local Consultant also arranged the meetings of the Core Evaluator with stakeholders, where only detailed, qualitative evaluation questions were discussed. The data sheets were discussed by the local consultant with several Trade Support Institutions (TSIs) separately, in order to complete the information needs of the evaluation.

In all, the Evaluators held discussions with 19 organisations, which included ITC partners and counterparts for the various projects (9); non-partner TSIs (3); major donors (4); and beneficiaries from some projects (3). In some organisations, meetings were held with several executives to elicit views on different aspects. Several other organisations were also contacted, but discussions could not be held due to non-availability of concerned officials and/or lack of response (TSIs – 3, Donors – 4, Beneficiaries – 6).

Based on the views expressed by stakeholders in course of the interviews and the Evaluator's observations, a rating of each project on the five Development Assistance Committee (DAC) evaluation criteria has been provided by the Evaluator on a 4-point Likert Scale. (4 – Highly satisfactory; 3 – Satisfactory; 2 – Less than satisfactory; 1 – Highly unsatisfactory). This avoids 'middling' scores such as 'modestly satisfactory' and forces a clearer position.

1.2 Country Profile

Due to a low per capita Net National Product of about INR⁴ 18,9005 (USD⁶ 430) and a poverty ratio exceeding 33%, India's development priorities focus on social development and livelihood creation. The economy is heavily dependent on agriculture and there is a large presence of small and cottage sector enterprises in all major industrial sectors – textiles, food, handicrafts, engineering)⁷. Therefore even the trade related interventions – including those supported by foreign donors – are primarily directed towards strengthening these sections of the society.

The systematic and gradual reduction and elimination of different barriers and obstacles to trade, such as bureaucratic formalities, advance authorisation, administrative controls and supervision, have made a significant contribution to facilitating foreign trade by improving the country's allocation of resources. India has simplified and facilitated export and import procedures to a large extent.

Salient features of India's economic profile:

- Gross Domestic Product (GDP) of INR 12.68 trillion in 2001-2002.
 - A strong agriculture sector, accounting for more than 26% of national output, with self sufficiency in all important crops except oilseeds.
 - A diverse industrial base with self-reliance in all core industries and a wide range of engineering products.
 - A robust services sector accounting for 49% of GDP, driven by a large pool of technical manpower and competitive labour costs.
- Population of over 1 billion, with a large, growing consumer class estimated at 200 million people.
- A stable external deficit between 1.5% and 2% and adequate foreign currency reserves to meet external payments.
- A policy environment with periodic liberalisation of investment and trade regulations.

The Indian economy is presently maintaining a growth rate around 5%, and has targeted a growth of 8% under the Tenth Five Year Plan, with an increased role of service sectors.

⁴ Indian currency is the Rupee (INR), see exchange rate page 3

⁵ At current prices, in 2002-03 (Quick estimates – Government of India – Economic Survey 2003-04) Indian financial year is from April 1 to March 30

⁶ United States Dollar

⁷ Annex 8 – Structure of SME sector in India

Table 3: India's Gross Domestic Product Break-up⁸

Sector	2001-02		2002-03 (quick estimates)	
	INR billion	GDP Share (%)	INR billion	GDP Share (%)
Agriculture and allied sectors	3,338	26.3	3,204	24.3
Manufacturing, construction, power, water and gas	3,089	24.4	3,282	24.9
Banking, finance, insurance, business services	1,577	12.4	1,716	13.0
Transport communication and trade	2,969	23.4	3,178	24.1
Public services and defence	1,705	13.4	1,803	13.7
Total Output value	12,678	100.0	13,183	100.0

Principal Sectors

India's GDP comes from three principal sectors – Agriculture, Manufacturing and Services. Services – including real estate, transportation, financial services and other business and social services – account for 49% of GDP, while manufacturing and agriculture and allied activities account for 25% each.

Physical Infrastructure

Provision of physical infrastructure remains a major challenge for the Government of India due to geographical spread of the country as well as financial resource constraints. The lack of adequate infrastructure has not only constrained the growth performance of the economy, but also induced a significant cost in terms of welfare loss (for example in morbidity and water-borne diseases). Government has, now, significantly shifted away from the direct production of public goods to focusing on the regulatory and policy framework and private-public partnership to generate adequate provision of these public goods.

Trade Policy

The Trade Policy for the period 2004-09, aimed at doubling India's percentage share of global trade within 5 years and expanding employment opportunities, especially in semi urban and rural areas, identifies special focus initiatives for the agriculture, handlooms, handicraft, gems & jewellery and leather sectors.

More details on economic profile, principle sectors, trade policy etc., are provided in Annex 1 to this report.

⁸ Source: Economic Survey 2003-04

Position in the MTS System/Trade Structure

India is a founding member of the General Agreement on Tariffs and Trade, GATT, 1947 and its successor the World Trade Organisation (WTO), which came into effect in 1995, after the conclusion of the Uruguay Round of Multilateral Trade Negotiations. Through the WTO, India participates in an increasingly rule-based system of international trade. India also automatically avails of Most Favoured Nation and national treatment for its exports to all WTO members and also benefits to some degrees from aspects of the General System of Preferences.

India is increasingly seen at the WTO as a spokesperson for the developing world, on Trade Related Intellectual Property Rights, and market access related issues in Agriculture and Services.

India also has Free Trade Agreements (FTA) with South Asian Agreement for Regional Co-operation (SAARC), Thailand and Singapore, besides several bilateral agreements within South Asia.

India is part of South Asia Free Trade Agreement (SAFTA), a FTA among the seven member nations of SAARC, expected to come into force from 1st January 2006. However, there is some scepticism regarding its progress and implementation, given that SAARC itself has been mired under inter-state tensions. Moreover, implementation of the preferential trade agreement (SAPTA), wrapped up almost 10 years ago, has been lethargic, mainly because of the adoption of the product-by-product approach. Therefore, India has also signed bilateral FTA s with SAARC member countries, namely Nepal and Sri Lanka. Now it is pursuing an FTA with Bangladesh.

The India Thailand FTA, finalised in July-August 2004, provides for a staggered (50-75%) reduction of duties on the 82 listed items over the next two years and a complete removal of all tariffs by September 2006.

India initiated a dialogue with Singapore for an FTA in 2003. The two countries signed the Comprehensive Economic Co-operation Agreement (CECA) in June 2005, after most of the contentious issues holding up the agreement had been resolved. These included the rules of origin (ROO) issue, and a cross-section of problems including tariff rates for trade in goods and services, customs information, mutual recognition agreements (MRAs), investment guidelines, arbitration, air services and movement of people.

The CECA signed between India and Singapore is being regarded as a significant step towards an India-Asean FTA and deeper engagement between India and Southeast Asia.

Trade Structure

India's external trade in commodities and services constitutes about 26% of GDP. Exports registered a significant increase of about 17% in 2002-03⁹ over the previous year,

⁹ Indian financial year is spread over two calendar years, from April 1 to March 31

after remaining stagnant in 2001-2002. Imports witnessed a similar trend, a 13% growth in 2002-2003, after a marginal decrease the previous year.

Table 4: India's Trade Trends¹⁰

(USD billion)	1990-91	2000-01	2001-02	2002-03
Exports, FOB	18.5	44.9	44.9	52.5
Rate of Change, Exports			0.5%	17.0%
Imports, CIF	27.9	59.3	57.6	65.4
Rate of Change, Imports			-2.7%	13.5%
Trade Balance	-9.4	-14.4	-12.7	-12.9

Trade Balance

India had a negative trade balance of USD 13 billion in 2002-2003. However, taking into account the net invisibles (services exports), the current account balance was positive, at USD 4 billion. India expects to post a positive current account balance for the third year in succession in 2003 to 2004.

Imports: India's imports in 2002-2003 were valued at USD 65 billion. The major import items are mineral fuels, precious stones and precious metals (rough diamonds, gold and silver) and engineering/capital goods – together accounting for about 30% of imports by value. Principal import origins are Asia, the European Union (EU), United States of America (USA) and Russia, in descending order. The fastest growing imports are fertilizers, semi precious and precious stones, and wood and edible oil.

Exports: India's exports were at USD 53 billion in 2002-2003, with the largest merchandise exports being gems and jewellery, ready-made apparel, cotton yarn and fabrics, agriculture products, leather goods and handicrafts. India's major export markets are EU and USA (about 22% each) and Asia (25%).

While merchandise exports have grown well in 2002-2003, services exports have also been an important area of success reflected in net invisible inflows of USD 17 billion in same period. While software exports is a well-known success story, India is now an important venue for many tasks in services such as financial accounting, call centres, processing insurance claims and medical transcription. The future potential for growth in these areas appears to be considerable.

¹⁰ Source Government of India, Economic Survey (2003-04)

1.3 Review of ITC Activities in India

Even though ITC has been active in India for over two decades, it has only a limited presence in the country. ITC operates in India through partnerships with India Trade Promotion Organisation (ITPO), as the national counterpart, and other TSIs, on a project-by-project basis.

ITC's technical assistance projects/initiatives in India have broadly covered services such as export promotion, trade related entrepreneurship assistance, market studies, quality assurance, empowerment of rural community, e-trade, support to business for a, etc. A majority of the recent ITC projects in India has been part of global/regional programmes.

A listing of all ITC project activities in India was compiled from the ITC project database 2001 to 2004, which reports 21 entries, including all operational and closed projects during the period (listed below). However, several of these entries relate to events/meetings held for programme development/formulation (such as nos. 12, 14, 15, 17, 18, 19, 21), and do not constitute actual projects. For some entries, e.g. numbers 3, 4, 10; no specific activities could be identified under the project heading. At the time of evaluation, there were only two ongoing projects in India (numbers 13 and 20), both multi-country programmes that include India among the beneficiary countries.

Table 5: Listing of ITC Project Activities in India (ITC Database)

No.	Project Description	Project Code	ITC Division	Closing Date	Funding Source	Total Amount USD '000
1	Promoting export of wood based handicrafts	IND/95/001A	MDS	2001	UNDP ¹¹	28
2	Empowerment of rural communities to export spices	IND/95/06A	OD	2003	World Bank	181
3	Trade related entrepreneurship assistance & development for women in India	IND/96/029A	DTCC/OA			
4	Trade related entrepreneurship assistance & development for women in India	IND/96/A29A	OA			-
5	Coffee-Review of market practices	INT/24/82A	MDS	2003	Denmark	228
6	Coffee Guide: Web site and promotion	INT/24/84A	MDS	2004	Denmark	78
7	Cooperative programme on quality assurance of	INT/61/77A	MDS	2002	Switzerland	358

¹¹ United Nations Development Programme

No.	Project Description	Project Code	ITC Division	Closing Date	Funding Source	Total Amount USD '000
	Spices					
8	Programme for competitiveness	INT/W2/07A	BAS ¹²	2003	W2	972
9	E-trade bridge for SMEs	INT/W2/08A	EMDS	2006	W2	1,546
10	Empowerment of rural community	INT/W3/22A	OAPLAC	2002	W1-3	52
11	E-Commercial legal kit	INT/W3/66A				
12	Redefining ITC strategy for trade & environment	INT/W3/85A	MDS	2003	W1-3	104
13	Field testing and PACkit Training in five Asian countries	INT/W3/98A	BAS	2004	W1-3	88
14	Round Table on Information & communication techniques	INT/W4/19A	OD	2002	W1-4	161
15	B2B R-Market places: current trend challenges & opportunities	INT/W4/57A	OD	2003	W1-4	93
16	Testing garment benchmarking tool "The FIT"	INT/W4/69A	MDS	2004	W1-4	22
17	Business round table for economies in transition	INT/W4/73A	OD	2002	W1-4	79
18	E-business forum for Asia and Pacific	INT/W4/76A	OD		W1-4	81
19	Expert Meetings: Preparatory activities to the WSIS	INT/W5/12A	OD	2003	W1-5	40
20	Development of IPSM training & consultancy support	RAS/61/81A	IPSMS	2005	Switzerland	1,063
21	Support to AABF II (2nd Africa Asia Business Forum)	RAS/98/090	SSTU	2002	UNDP	35

¹² Business Advisory Service

1.4 Findings on Thematic Issues

External Environment/Donors Perspectives

The Department of Economic Affairs, within the Ministry of Finance, is the nodal agency of the Indian Government for raising external resources, including Official Development Assistance (multilateral and bilateral) and commercial borrowings abroad.

There is a limited presence of donors and international agencies in TRTA services in India, in terms of number of projects/interventions. Such donors include: the World Bank, Asian Development Bank, Department for International Development of UK (DFID), United States Agency for International Development, Danish International Development Assistance (Danida) and the Canadian International Development Agency, CIDA. Most projects/interventions in India have traditionally been directly related to agriculture, health, water and sanitation, and infrastructure development.

In 2003 the Government of India decided to phase out the grant-based official development cooperation by most bilateral donors. This heightened the focus for ongoing programmes on ensuring their sustainability and replicability. Some of the concerns voiced by the donors are:

- Administrative delays in disbursement of funds to state-level beneficiaries, as funds sometimes need to be routed through the central government;
- Donor funds often do not result in additional financial support to the beneficiary, as the external support is offset by a corresponding decrease in regular government allocation of funds, which are diverted to other area(s) facing a shortfall.

A few key donors/international organisations active in India and their ongoing trade-related technical assistance programmes are presented below:

United Nations Conference on Trade and Development

- Preparedness and Strategies for Trade and Globalisation in India (DFID funded)

In addition to the above DFID sponsored project, where United Nations Conference on Trade and Development (UNCTAD) is the implementing agency for a range of awareness-raising and capacity building activities, UNCTAD has also undertaken several studies for the Government of India to support trade policy and trade responses on a number of issues such as: Organisation for Economic Co-operation and Development negotiations of steel, Trade Related Intellectual Property Rights, Trade Facilitation, Non Agriculture Market Access (NAMA) and Services.

European Union

- EU-India Joint Initiative for Trade and Investment;
- EU-India Trade and Investment Development Programme.

For TRTA activities in India, the EU works primarily with or through the Government of India. All projects are formulated, implemented and monitored on the basis of the concept of a Logical Framework. Independent external agencies are contracted for periodic monitoring and evaluation against targets. Though well aware of ITC activities, the EU has no co-operation with ITC in India. EU officials in India indicated that bottlenecks in India mainly arise due to bureaucratic administrative structures, and political considerations taking precedence over economic and social issues.

ITC is perceived by EU officials in India as a highly efficient and competent service provider, with capable staff and good networking with international organisations, consultants and specialists.

Department for International Development of UK

- Preparedness and Strategies for Trade and Globalisation in India.

This is a five-year programme initiated in 2002 with Ministry of Commerce & Industry, Government of India. It has a total budget of BPS 9 million. The programme addresses the need to enhance national and sub-national capacity to formulate export strategies at selected product/sector level. This is based on realistic assessments of supply capacities and international demand, and an understanding of international commercial practices and standards. Component I of the programme focuses on building capacities of trade negotiators and policy makers ('upstream' activities), while the Component II engages in building stakeholder capacities for understanding and managing the impact of globalisation on their respective constituencies ('downstream' actions).

DFID projects have an inbuilt mechanism for annual review (internal and/or external) for measuring outputs vis-à-vis the objectives (as laid down in the Logical Framework). For each project an Exit Plan is prepared about a year ahead of the closing date, which is very important for ensuring sustainability. The major constraints faced in India are the political sensitivity to accepting donor aid and limited ability to absorb donor funds in some areas. Awareness of ITC activities in India is very limited, and therefore the organisation was unable to comment on comparative advantages of ITC.

United Nations Industrial Development Organisation

Currently, United Nations Industrial Development Organisation (UNIDO) is implementing a project in India aimed at developing capabilities at both the local and the national levels, and to promote Small Scale Industry (SSI) networking and cluster development.

UNIDO mainly functions as a Technical Advisor to the government/local institutions, facilitating linkages and managing the local system. It does not involve itself in implementing or managing the programme. UNIDO was not aware of ITC's specific projects/interventions in India, but felt that it is important to put in place a mechanism for information sharing among various multilateral bodies active in the country.

According to the UNIDO persons interviewed, the main weakness of ITC as an international organisation (and other United Nations organisations) is their inability to effectively transfer know-how into the national system for sustainability and, more importantly, for replicability of the selected interventions at a larger scale.

Brief details of the specific projects mentioned above, are provided in Annex 6.

Role of Trade Promotion Offices and Digital Divide Issues

Role of Trade Promotion Offices¹³

The Department of Commerce in the Ministry of Commerce and Industry is responsible for the country's external trade and all related matters, including promotional measures. The Department of Commerce is supported by a number of autonomous bodies, advisory bodies and other attached/subordinate bodies, such as Commodity Boards, Export Promotion Councils, ITPO, etc. A list and brief details of the Trade Promotion Offices (TPOs) are enclosed as Annex 6.

In addition to the government organisations, there are a large number of private sector trade facilitation bodies.

- Apex industry bodies, namely Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Associated Chambers of Commerce and Industry (ASSOCHAM), which are national level representative bodies of the industry.
- Numerous regional/local and sector specific industry bodies which are mostly affiliated with one or more of the national bodies.

These industry bodies serve to:

- Articulate a shared vision of various stakeholders' on economic, business and social matters;
- Facilitate government – industry and intra industry interface;
- Disseminate business and trade-related information to industry, Government and business organisations – through research studies, reports and publications on various economic and business related issues;
- Provide training and consultancy services.

Non-Governmental Organisations (NGOs), consumer interest groups, trade unions, advocacy organisations, think-tanks and national/regional organisations carrying out research on trade and economic issues of national importance, are an important source of inputs/feedback for the policy makers. In addition, there are also a very large number of regional/local organisations engaged in advocacy, information dissemination, community mobilisation, etc. These organisations, while sometimes bordering on activism, play an important role in opinion building at the grassroots level.

¹³ The term TPO is taken in a broader perspective, to include trade support institutions as well

The TSIs partnering with ITC in India are mostly government organisations. Examples include Spices Board, Indian Institute of Packaging (IIP), Development Commissioner Handicrafts (DCH), ITPO and Textiles Committee. Although ITC also partners with private sector TSIs in India – e.g. CII for Competitive Edge and Automotive Components Manufacturers Association of India (ACMA) for Programme for Competitiveness Improvement of Small or Medium Sized Enterprises (SMEs) (PROCIP) - these are not very active. *Strengthening of partnerships with apex industry bodies and sector associations would perhaps enable greater outreach, visibility, and sustainability for ITC's projects.*

ITC has followed the strategy of partnering with the national counterpart organisation (ITPO) and sector-specific national TSIs (Spices Board, DCH, IIP, Indian Institute of Materials Management (IIMM), ACMA among others). This has its advantages, as the sector specific bodies are more aware of the current needs of the sector and perhaps also have better technical capacity. However, these organisations have their limitations in terms of mandate. For example, ITPO, the national counterpart for ITC, is a trade promotion and information dissemination body. It does not have a mandate for activities related to trade capacity development, competitiveness enhancement, organising rural/poor communities, etc. There are also limitations in resources – some of the TSIs are dependent on Government funding, or face resource constraint for programme implementation. Finally, limitations in terms of reach also exist. On the other hand, ITC has not been able to strike active partnerships with the apex industry bodies such as CII, FICCI, and ASSOCHAM. All these organisations have a broader mandate, are primarily member driven, and have better outreach within and outside the country.

Further, the overall awareness about ITC programmes and services is quite low among the TSIs. They are also largely limited to products and services available free of cost, such as Practical Guides, Newsletters, Websites, Databases and Directories. Even among the partnering TSIs, the awareness and usage of the full portfolio of services and products is limited.

Digital Divide Issues

India is one of the developing nations most closely associated with the development of information technology. India's performance in Information Technology (IT) has been hailed as a great hope for the country's future development. The industry is one of India's fastest-growing sectors, its software professionals have become a prestigious 'export' and India is a favoured destination for business process outsourcing by overseas companies. However, the digital revolution bypasses large sections of India's population on account of the following reasons:

- Only a small proportion of educated people have access to IT. A vast majority of Indians, about 70% of the population, still live in villages and the challenge is to make sure they do not get left behind.
- Telephone connectivity, Internet connectivity and Personal Computer ownership are all well below 5% of the population. Diversity of languages is one of the major limiting factors, as computers that work in English exclude hundreds of millions of potential users.

- Inadequate access to electricity and unreliable power supply leave many villages without electricity.

The present approach of the government to increase IT usage, is to build a national network of owner-operated computer centers with Internet access – cyber cafés/kiosk model – that earn income from a broad range of small transactions. NGOs are also launching village-based projects, designed to demonstrate the everyday usefulness of computers.

Besides the access constraints, the use of Information and Communication Technology (ICT) in business is also limited by the resistance to change from the traditional methods, particularly among the large population of SMEs and cottage sector. A case in point is the initiative E-trade Bridge to encourage SMEs to use Internet based trading. The programme was conducted in India on a very small (pilot) scale, with only 16 beneficiaries. Many of the selected enterprises for the ITC E-trade Bridge project were neither ready for nor interested in e-Trade.

While India has emerged as a strong global player in the ICT sector, with an acknowledged strength in terms of professional competence, a vast majority of the country's population still remains deprived of the benefits of technology. Even among the business community, SMEs in India are reluctant/hesitant to use e-trade due to concerns regarding protection of designs, feasibility of small commercial transactions and inherent insecurity of the system. ITC's increasing use of information and communication technology based tools in delivery of services, could therefore become a limiting factor in reaching a large segment of stakeholder.

Horizontal and Thematic Findings

Use of Tools and Projects from the ITC Division of Product and Market Development

ITC competitiveness benchmarking tool for the clothing sector, Competitive Fitness Benchmarking Tool for the Clothing Sector (FiT), was applied to the SME sector of the Indian textile and clothing industry, in order to create understanding of their competitive position. As per ITC database, the FiT benchmarking tool was successfully introduced in India in the three SME clusters of Tirupur, Bangalore and Ludhiana, in 2003. The ITC project document states that other countries also benefited from the serious Indian approach on how to improve the FiT and make it most useful for the business. Based on the feedback received from India and other beneficiary countries, the tool was adapted and an improved Version 2 was released by ITC in November 2003. The tool was introduced in three more clusters in Mumbai, Delhi and Chennai in December 2004. Over 900 business people and officials have participated in the two rounds of workshops in India. Textiles Committee in the Ministry of Textiles has been selected as the national counterpart for introducing the FiT in India, and also to act as the hub for Asia.

According to the Textiles Committee, the first round of data collection (as per the prescribed questionnaire) would be carried out in April-May 2005. The data would then

be passed on to ITC for preparing the baseline for benchmarking, and the results would be likely to be disseminated to the participating enterprises by July 2005. The process of data collection and benchmarking would be repeated every six months on an ongoing basis. There was also a proposal to make the tool web-enabled, for which the modalities were to be decided.

Although the utility and effectiveness of the benchmarking tool could be established only after the results are available, the Indian SMEs that have been exposed to the tool have shown good response and are likely to participate.

Coffee – An Exporters' Guide

Coffee Guide publication and creation of website: In spite of several attempts from the Evaluators through e-mail and telephone to get a response from the Coffee Board of India, no response was received. Yet this is the designated national counterpart for the project. This reaction would point to lack of adequate interest in the project. Accordingly, the benefits brought by the project to targeted beneficiaries in India could not be ascertained.

Other ITC Publications

Most of the TSIs are aware of Practical Guides, Newsletters, Websites, Databases and Directories published/maintained by ITC from time to time. Nevertheless, none of the TSIs reported a meaningful usage of these publications by the members although some of the TSIs themselves are using these as reference material. Evaluators were told that individual companies, particularly small and medium enterprises, expect the TSIs to disseminate trade information free of cost. Large companies, which have adequate financial resources, prefer to commission dedicated studies for their exclusive use. However, they remain reluctant to pay even small amounts for syndicated studies. Even the TSIs, including industry bodies, rely mostly on free-of-cost material – from websites and/or publications – rather than on paid subscriptions.

The private sector's inability and/or reluctance to pay for services are a serious handicap in providing Technical Assistance (TA) in India. Presumably this would be the case in other developing and low-income countries as well. This severely limits the penetration of ITC's products and services in low-income countries, in the absence of external funding. Meanwhile, free information is of no value to larger enterprises that have a greater propensity to pay for information that is provided exclusively, as in the case of strategy reports done by private consultancies, often involving substantial fees.

*World Trade Net and Business Advisory Services**World Trade Net*

The programme has currently 51 member countries in North Asia, Africa, South and Central America and Eastern Europe. At present, India is not a member of any of the 10 local networks formed in Africa and Asia under the World Trade Net (WTN) programme of ITC. WTN membership is only initiated at the request of partner institutions and not promoted actively by ITC, as interest and commitment for country activities, can only be confirmed by potential network members in that country.

Business Advisory Services

Many of the service areas of Business Advisory Services (BAS) are called upon in various programmes in India. However, most of these programmes are multi-disciplinary and among the various types of BAS, the following were, either directly or indirectly, included in the ITC projects in India¹⁴:

Table 6: Summary of Business Advisory Services in India

Business Advisory Service area	ITC project(s) in India addressing the respective service (see legend below)
Business implications of the trading system	2, 3
Capacity building of TSIs	1, 2, 3, 4
Export packaging	4, 2
Standards and quality Management	1, 2, 4
Trade Finance	-
Trade Law	-

Legend:

1.Promoting export of wood based handicrafts

2.Empowerment of rural communities to export organic spices– Export Led Poverty Reduction Programme (EPRP)

3 Development of IPSM training and consultancy support

4 Testing and PACT training

As confirmed from the feedback of the TSIs and other stakeholders, while some of the efforts have been very successful – such as capacity building of TSIs, product and market development by sector -; there are also areas where the results have not been encouraging, e.g. e-Trade and International Purchasing and Supply Management (IPSM). Low priority accorded to e-Trade and the one-time nature of assistance contributed to unsatisfactory results in the case of e-Trade Bridge programme, whereas in the case of IPSM, it was mainly due to the high cost of the programme and low-key publicity.

This is further elaborated in Annexes 3 and 4.

At the individual level, business associations and exporting enterprises expressed little awareness of several ITC standard BAS services.

¹⁴ For Example, “Export Packaging” is addressed directly under PACT project, and also indirectly addressed under the organic spices (EPRP) project

SME Competitiveness

The use of ITC's Enterprise Competitiveness tools in India, is as follows:

The Competitive Edge: This is a software-based checklist that enables enterprises to assess their international competitiveness, and is available on-line for interested enterprises. CII is designated as the national partner organisation in India.

Programme for Competitiveness Improvement of SMEs (PROCIP)

Under a multi-country PROCIP programme in 1999, which included India as a beneficiary country, ITC introduced the 'International Competitiveness Gauge'; this is a benchmarking tool for auto-components.

The ACMA is ITC's national partner in India. The tool was found to be very useful and more than 100 SMEs from India benefited from it over a period of three to four years. ACMA helped the companies in compiling their data as per the input requirements of the tool. The compiled data was then sent to ITC Geneva, where it was processed and a detailed report was provided to the companies, highlighting the 'gaps' in their international competitiveness.

However, after three to four years when the programme funds were exhausted, the programme tapered off and is now almost dead. ITC completely withdrew from the programme. According to ACMA, ITC's continued involvement remains crucial because as a credible United Nations organisation, it is able to access benchmarking data from developed countries. The national sector associations cannot access the same data. Also, ITC's involvement is required to update the tool itself from time to time – ideally every year -, as the parameters of competitiveness are constantly evolving.

For the other SME competitiveness tools, i.e. Export Fitness Checker, Trade Secrets, The E-Commerce Fitness Checker and ISO 9000 Fitness Checker, there have not been any specific projects in India, nor are there any designated national partners in India. However, some of these tools are available online for downloading and use by SMEs. The structure of the SME sector in India is further described in Annex 7.

South-South/Development Concerns

India is a part of several regional groupings, including: SAARC, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation (BIMST-EC) and Indian Ocean Rim-Association for Regional Cooperation. It also has several bilateral trade agreements in South Asia, and is negotiating FTAs with Mercosur, namely Sri Lanka, Nepal, Bangladesh, Thailand and Singapore. Therefore, there is a keen policy interest in south-south trade in India, which makes the South-South Trade Promotion (SSTP) a very relevant initiative.

The ITC database shows India as one of the beneficiary countries for Asia programmes under the theme of SSTP, which covered pharmaceuticals, auto components, and food products. Under these programmes, the national counterpart organisations produced supply survey reports, and arranged delegations for Buyer-Seller meetings in Singapore

and Thailand. However, the overall interest in the programme was found to be lacking on part of the sector associations and industry bodies. This was mainly due to the low fixed budget of USD 2,500 per sector report. For the SSTP programme in Pharma, CII had prepared a good report on India's Pharma sector but did not participate in the event organised afterwards, as it had several programmes of its own in the sector. ITC also indicated having had problems identifying the right partner due to the presence of several sector level organisations in the drugs and pharmaceuticals sector. However, ITC has identified other organisations such as the National Small Industries Corporation that has an outreach to SMEs at the national level.

Organisational and Management Aspects

Project Cycle Management

At the country level, ITC co-ordinates projects through its Desk Officers based in Geneva, who serve as the key link between the national partners/beneficiaries and other ITC departments that deliver the programme activities.

Project Identification:

In the case of multi-country projects, three of the five projects sampled in India, i.e. IPSM, E-Trade Bridge and Integrated Export Packaging Information Kit (PACkit), are good examples multi-country projects. The project was initiated by ITC, based on needs identification through internal research. The respective government bodies and TSIs were then taken on board through interactions in the form of workshops and one-to-one meetings. However, in case of the Organic Spices project, the project idea was conceived by the Spices Board of India and accepted for support by ITC. Similarly, United Nations Development Programme (UNDP) and Government of India initiated the Wooden Handicrafts Project jointly, and ITC was involved as the implementing agency.

Project Design:

For the two country specific projects, Export of Organic Spices and Wooden Handicrafts, ITC staff worked closely with the counterparts in India – staff of the identified TSI and/or the Government organisations – to design and develop the project. In one of the multi-country projects, IPSM, the Indian TSI participated in the consultation process during project design phase.

Implementation phase:

Usually ITC staff was not directly involved in the operational aspects of the project implementation. The staff's involvement was limited to overall monitoring, providing technical support and establishing linkages.

ITC experts also participated in Review Meetings for reassessing the project progress and modification of the action plan, wherever required.

Implementation partners play an important role in operational management of the projects. The role of national partners is most important in the country-specific projects.

Feedback to ITC:

The partnering TSIs in four of the five projects indicated that there was a mechanism for regular feedback to ITC, either through Periodic Progress Reports (generally quarterly) or joint review meetings. Only in the case of E-Trade Bridge programme was there no feedback/monitoring mechanism, as the project involved one visit by the ITC expert to the country. More importantly, informal channels of communication, through e-mail and telephone calls, ensured good rapport and relationship between ITC and partners. ITPO has been associated with ITC for many years. Even though ITPO's involvement in the E-Trade Bridge project itself was very limited, they maintain regular contact with ITC. The other partnering TSIs in India also indicated good relationship with the concerned ITC experts during the project. Spices Board officials have continued regular communication even after the completion of the project.

Budgetary and Funding Issues

With growing demand for ITC services and programmes in all countries, ITC often faces challenges in arranging donor funding for all project requests. In these conditions, budgets for interventions tend to become smaller and available only under some specific themes.

For a meaningful presence in a large country like India, larger budgets are necessary than the levels of intervention undertaken by ITC, especially under multi-country programmes. The participants in the SSTP events felt that ITC budgets for preparing country demand and supply surveys were inadequate given the size and spread of the Indian market.

The largest country specific project in India (EPRP – Organic spices) received funding support of about USD 250,000, but this was not from ITC. The project was selected for support under the Development Marketplace Competition hosted by the World Bank in 1999. Even in this project, one of the major constraints in ITC funding for projects in India has been the inability to provide funds for processing hardware and equipment. This was considered an important factor in enabling the value addition and realisation from the project, as well as creating a larger-scale demand for organic spices.

On the other hand, India does not suffer from the donor dependence syndrome affecting several under developed countries. Therefore, budget constraints should not be an issue for India, and the government or other sector bodies should be able to raise funds to support relevant and useful ITC interventions. Such needs do not seem to have been identified.

1.5 Country Level Evaluation

Summary of Projects Evaluated

Brief descriptions¹⁵ of the five projects sampled for country level studies in India, are given below. More details on the projects are provided in Annex 2 and the results of the field research on a project-by-project basis are presented in Annex 3 and 4.

Table 7: Promoting Export of Wood Based Handicrafts

Status and duration	Completed (Duration: February 1995 to 2001). Initiated in 1995 but formally launched in 1997.
Beneficiaries	Office of the Development Commissioner – Handicrafts (DCH) (implementing agency). Export Promotion Council for Handicrafts. Various institutions responsible for design and development of handicrafts sector. Selected Manufacturers and Exporters.
Coverage/Location	4 states in India – Uttar Pradesh, Kerala, Karnataka and Rajasthan.
Budget (Donor)	USD 28,362 (UNDP).
Major Objectives	To increase the export of wood based handicrafts on a sustainable basis, for increasing incomes and employment.
Project results	<ul style="list-style-type: none"> • Although there was no impact in terms of increase in exports of wood handicrafts at the sector level, there were some success stories at the enterprise level, mainly due to the exposure gained through study tours and marketing missions organised under the project. Artisans and officials of design/technical development organisations also benefited from the project through support for participation in international exhibitions and tailor made training programmes. • However, the benefits of the project could not be broad-based due to lack of basic processing and quality control facilities as well as lack of marketing linkages at the industry level.

¹⁵ Please refer Annex 3 and 4 for detailed description and evaluations of each of the five sampled projects.

Table 8: Empowerment of Rural Communities to Export Organic Spices (EPRP)

Status and duration	Project duration – 2001 to 2003. Formally closed in May 2004.
Beneficiaries	Spices Board India (TSI). NGOs – Health of People and Environment, Tamil Nadu, India, Peermade Development Society, Wayanad Social Service Society, Kerala, India and Samanwita. Farmer families engaged in farming of spices.
Coverage/Location	3 states in India – Kerala (2 districts), Tamil Nadu and Orissa.
Budget (Donor)	USD 250,000 (World Bank). The project was one of the proposals selected in the Development Marketplace Competition hosted by the World Bank in 1999, based on the innovative approach to poverty reduction at community level.
Major Objectives	All round improvement in the living standards of the beneficiary farmers, particularly women, by providing access to premium international market for certified organic spices, based on the concept of producer-owned export production villages (EPVs).
Project results	The main results of the project have been: <ul style="list-style-type: none"> • Providing exposure to TSI and NGO staff to international practices and market trends through overseas visits for training, participation in trade fairs, conferences, etc. • Introduction to the concept of Export Production Village, through formation of producer groups, involving over 2,000 farmer families (against an initial target of 350 families). • Collective organic certification of the area under the Export Production Village. • Access to international market information (market survey and Trade Information System at the Spices Board and collective organic certification of the area). • Capacity building of designated staff of the TSI (Spices Board) and the four selected NGOs, including IT empowerment (setting up websites of the NGOs for information dissemination). • Pioneering of exports of organic spices from the country – black pepper and cardamom to Europe, and dehydrated aromatic herbs (thyme and rosemary) to Switzerland. • 15-20% reduction in production costs, through use of on-farm vermicomposting facilities and other organic inputs.

Table 9: E-Trade Bridge for Small or Medium-sized Enterprises

Status and duration	Activities in India completed, but the project is ongoing. Inception meeting in December 2002. Actual visit of ITC expert in August 2003. Estimated completion – 2006.
Beneficiaries	ITPO – implementing agency. HHEC ¹⁶ – counterpart organisation for development of the trade portal Selected exporters in handicrafts and knitwear sectors.
Coverage/Location	<ul style="list-style-type: none"> • 2 clusters in India: • Delhi (handicrafts sector). • Tamil Nadu (knitwear companies in Tirupur). • Simultaneously implemented in multiple countries.
Budget (Donor)	USD 1,546,175 for 28 countries (Global Trust Fund).
Major Objective	To create internationally competitive e-competent businesses, and to build national e-trade capacities within the institutions that support them.
Project results	<ul style="list-style-type: none"> • Country E-preparedness report has been published. • Several tools and related materials, including online versions, were developed. • An ITC consultant visited selected units in handicrafts (Delhi) and knitwear sector (Tirupur) in order to identify best practices cases (although the TSI reported that the visit was for providing inputs to the enterprises on e-trade). • One of the tasks of the project was to provide assistance for the construction/improvement of a portal for HHEC. However, the national counterpart and the beneficiary enterprises did not mention this to the Evaluators. However, according to HHEC, the project was not taken to a logical conclusion, as the portal is outdated in the present context. It is like an e-magazine whereas it should be dynamic and interactive, with a proper database, interface and links, etc. to enable interactive query based trading. • The TSIs' commitment to the project was limited to the specific activities as there is no provision for continued follow-up.

¹⁶ The Handicrafts and Handloom Export Corporation of India Limited

Table 10: Development of International Purchasing and Supply Management Training and Consultancy Support Capacities in Association of South-East Asian Nations and South Asian Countries

Status and duration	Ongoing. Launched in 2001.
Beneficiaries	Indian Institute of Materials Management (IIMM) – implementing agency Corporate executives from large, medium and small enterprises, and students.
Coverage/Location	All India. Simultaneously implemented in multiple countries.
Budget (Donor)	USD 1,063,568 for 12 countries (Switzerland).
Major Objective	Developing training and consultancy capacities in international practices in Purchasing and Supply Chain Management, through a Modular Learning System (MLS) for executives of all levels.
Project results	<ul style="list-style-type: none"> • So far about 150 participants have undertaken the full course in India since its inception in late 2001, which includes the initial pool of 33 trainers trained by ITC experts. • The project has made available well-prepared course material and a pool of trainers within the TSI, who can carry out the programme further. IIMM recovers costs from the candidates enrolling for the programme, and ITC charges for the course material booklets supplied to each enrolled candidate. <p>However, the participation has been restricted due to the high cost of the programme (about USD 1800 per participant), which is a deterrent, particularly for executives working in SMEs, considering that the course is not officially recognised as a part of post graduate diploma curriculum.</p>

Table 11: Field Testing and Integrated Export Packaging Information Kit training

Status and duration	Completed (initiated in September 2002 but activities actually commenced in October 2003; target closing date for activities in India – 30 June, 2004, but actually completed in January 2005).
Beneficiaries	Indian Institute of Packaging (IIP) – nodal agency. Exporters, manufacturers of packaging materials.
Coverage/Location	All India. Simultaneously implemented in multiple countries.
Budget (Donor)	USD 88,542 in 5 Asian countries (Global Trust Fund).
Major Objective	As per project portal: To undertake field testing of PACkit materials and to prepare country packaging profiles by the packaging institutions in respective countries. As per TSI: To facilitate exporting enterprises, particularly SMEs, in accessing information on and understanding the international packaging norms and requirements, taking into account the products as well as markets catered to.
Project results	According to ITC all programme activities in India were completed within the target closing date of June 2004. However, as per TSI feedback in mid June 2004, the project was still at an initial stage. The Workshop had been held and only one out of the four information booklets had been completed. Programme outputs have since been completed and printed in January 2005.

Evaluation Rating of the Projects Sampled

Projects sampled have been rated against the five Development Assistance Committee's (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability.

This section summarises the views of the Evaluators' as well as various stakeholders – national partner institutions, donor community, beneficiary enterprises and individuals, and non-partnering TSIs met in course of the field mission. In India, these views came from the following organisations: ITPO, HHEC, Spices Board India, Office of the Development Commissioner – Handicrafts (DCH), IIP, IIMM, CII, FICCI, Confederation of Food Trade and Industry (CIFTI), PHDCCI, UNIDO, Delegation of the European Commission, and other participants in various ITC projects.

For the purposes of aggregation at the country level and also at the global level, the Evaluators have used a scale of 1 to 4 to place the ratings for each project. The aggregate ratings for the country level have been based on the five evaluation criteria – relevance, efficiency, effectiveness, impact and outreach/sustainability. It may be noted that these scores are perceptual and are based on the information and assessments provided by various stakeholders. The scores are also based on observations by the Evaluators themselves from the perusal of documents, field visits and surrogate comparisons.

The project ratings have been aggregated to national ratings, to enable quantitative comparative evaluation across different countries. However, there are some limitations in the methodology in aggregating the ratings of individual projects into an overall country

rating on the five evaluation criteria. Aggregation in particular tends to blur results of the Likert Scale, and does not allow for sharp perception of the reasons behind the differences in project level score.

Therefore, for the aggregate rating at the country level, the Evaluators have used a judgmental weighted score, which in their opinion best sums up the performance of ITC at national level on each of the evaluation criteria. This is supported by the fact that ITC works with the same counterparts in several projects. This judgmental rating seeks to capture the ITC performance as delivered through these channels and intermediaries, since this is the basic approach to ITC's transfer of TA. In that sense, the overall rating will reveal the levels of success across various projects, which collectively shape the transformation being achieved through ITC interventions at the country level. Therefore this score, while subjective, best represents and translates the Evaluator's findings as presented in this Evaluation.

Relevance

Rating: 3.5 (on a scale of 1 - 4)

In general, all ITC interventions in India appear to be highly relevant in terms of the national priorities and needs, or problems addressed, and in terms of the outputs targeted from the projects. The projects addressed the needs of sectors and beneficiaries that have a high priority from trade development, as well as poverty reduction perspectives.

The project for promoting exports of wooden handicrafts was in line with the national priorities of promoting exports and providing meaningful employment opportunities for a large number of artisans, including women. The EPRP project for empowerment of rural communities for export of organic spices was based on needs-assessment by the Indian TSI, and offers potential for an increase in direct income of producers through a higher realisation and reduction in costs.

For the wooden handicrafts project, the focus and approach was modified after a mid-term review. Only for one of the projects evaluated (E-Trade Bridge), was the intervention considered a bit premature, as e-trade is a low priority for Indian SMEs, and the beneficiaries did not find the project design appropriate. There was only one visit made by the expert, but no follow-up was reported.

The relevance of the ITC interventions in India is also strengthened by the appropriate selection of sectors – handicrafts, spices, clothing and apparel, auto components etc., which not only have a significant contribution to India's exports, but also cover a large section of India's SME sector.

The IPSM programme has a well-prepared course content, and the format allows working executives to pursue the course on a part-time basis, although lack of formal recognition as a professional course has undermined its relevance to some extent.

In the case of the PACKit programme, the lack of international regulation on packaging mostly affects the SME exporters from developing countries like India. However, considering India's well-developed ICT sector, diversified packaging sectors and higher education sectors including several recognised purchase management institutes, the relevance of these projects is probably higher in other lesser developed countries.

Efficiency

Rating: 2.5 (on a scale of 1 - 4)

ITC has generally been efficient in providing TA services through its team of well-qualified staff and external experts. This is most visible in the smooth execution of the largest project, namely Empowerment of Rural Communities for Export of Organic Spices (under EPRP). Under the said project the selection of TSI and implementing partners was most appropriate and inputs of ITC were delivered in a timely and efficient manner. For the IPSM programme, the methodology of developing a pool of trainers within the TSI has helped in the efficient delivery of the programme.

However, for the E-Trade Bridge programme, the concerned TSIs in the selected sectors, namely EPCH for handicrafts and Apparel Export Promotion Council for garments, were not properly involved. The one-time nature of activities does not provide for follow-up interactions and mentoring support for the beneficiaries. Also the actual cost of delivery in India was estimated (by Evaluators) to be about USD 25,000 against a budget of USD 55,000 per country.

In all projects, inputs and resources have been by and large delivered within the projected time-lines, albeit with minor deviations. However, in case of the PACKit Project, there were discrepancies in ITC's and the counterpart's descriptions of the project status, **with** the counterpart stating that the project was completed in January 2005 while ITC records indicate that all activities were completed within the scheduled completion date of June 2004.

Cost-efficiency of services provided by ITC could not be gauged for some of the projects, due to the non-availability of cost break-ups and a detailed listing of activities at various locations (Export of Organic Spices, E-Trade Bridge), or due to the project being in the initial stage of implementation (PACKit) at the time of evaluation. Also in the case of Organic Spices Project, direct assessment of cost efficiency was not possible due to the synergistic effect of another donor-funded project in the same location. In some projects for which comparable information was available, it was found that ITC delivered services at competitive costs and utilised the budget efficiently.

For the Wooden Handicrafts Project, the estimated total cost (USD 45,350) of the project activities was found to be much higher than the budgeted amount of USD 28,362, indicating that the beneficiaries derived high value for the budget spent on the project and provided significant own resources.

For the IPSM Project the cost per trainer (USD 2,700) was comparable to the cost of a two-year postgraduate diploma in purchase management offered by national recognised institutes in India, whose costs for similar courses are in the range of USD 2,000- 3,000. Also the cost of USD 1,800 for the full course was considered to be high by the participants.

Effectiveness

Rating: 2 (on a scale of 1 - 4)

There has been considerable variance in the transfer of skills and capacities across the projects sampled. In two of the five projects evaluated (Export of Organic Spices; IPSM), ITC has been able to effectively transfer knowledge, skills and capacities to the implementation partners to deal with their trade/export related challenges more effectively. The TSI (Spices Board) and the implementing partners (4 NGOs) for the Organic Spices Project have been able to create or build capacities within their organisations to manage all aspects of the project. These include technical inputs for production, processing, quality control, documentation, as well as commercial aspects of export marketing and exposure to international markets. The project also attained its beneficiary level results in the form of income enhancement and creation of livelihood opportunities, exceeding the output targets.

Similarly, in the case of the IPSM Project, the TSI (IIMM) benefited by gaining access to good course material and developing a pool of 33 trainers trained by ITC experts. However, only 5 out of the 52 locations of the TSI (35 branches and 17 chapters) have the requisite facilities for conducting the course.

However, the activities under two of the projects (E-Trade Bridge and Wooden Handicrafts) did not result in requisite build up of capacities of the intended beneficiaries nor benefit their businesses, as intended. The actual number of enterprises covered under the e-Trade Bridge programme was 16 against the target of 95 enterprises as per the TSI – although the ITC document does not mention any specific target. The trade portal at HHEC has gained visibility but, being a static portal, it has not achieved the objective of facilitating business transactions.

The wooden handicrafts project did not achieve the objective of increase in exports of wooden handicrafts at the beneficiary level for most participants. The project could not address the important issue of arranging moulds and equipment required to produce to the market requirements, although it focused on the market exposure aspects.

Impact

Rating: 2 (on a scale of 1 - 4)

In four of the five projects evaluated, there has been little impact that could be directly attributed to the ITC project.

In the case of Wooden Handicrafts Project, except for isolated success stories at enterprise level, the project did not result in any significant increase in exports, incomes or employment for the participating enterprises, as mentioned by the TSI.

For the E-Trade Bridge Project, the TSI informed that the portal at HHEC was not yet suitable for E-Trade and none of the enterprises, which were part of the programme, have adopted E-Trade commercially.

Under the IPSM Project only 150 participants had completed the course since it was introduced in India in 2001. This is insignificant in the national context where there are more than 400,000 registered companies and over 4 million SMEs, including in the unorganized sector; and more directly, 4 million engineering professionals and 2 million business management graduates. The real impact of the programme would be in its recognition by the appropriate board for Technical Education, as an approved postgraduate programme curriculum, which would catalyse business participation for the ITC programme in preference to other recognised programmes.

The impact of the PACkit programme can at best be rated as indeterminate, as its success will be determined by the extent to which the information kits are actually adopted in international business.

In one project, (Organic Spices Exports) there has been a pioneering of exports of organic spices from the country, in which there is a major contribution from the participating NGOs in the project, besides a UNIDO-funded investment in processing facilities. The project has achieved a very positive impact on the lives of the beneficiary farmers, by enabling increased incomes, improved skills and above all, facilitating access to the export markets. As reported to the Evaluators, the participating communities were also able to acquire a colour television and satellite dish in three years, from the additional incomes from the project.

However, it is to be viewed in the context of the reality that ITC faces challenging conditions for service delivery in large, diverse and complex countries like India. Additionally, there are several external factors, beyond the scope of the project – such as access to finance, common processing/testing facilities, etc. which cannot be taken under ITC scope of assistance – that affect the eventual impacts on beneficiaries. As a result, the absence of visible impacts is not necessarily a reflection on ITC's performance.

Nevertheless, assessment of impacts is also impaired because TSIs do not have a follow up mechanism, and there has been discontinuity of engagement between ITC and the partners – according to the major TSI partner, ITC contacts them only when something has to be done. Finally, there is low ownership of projects by TSIs.

Sustainability and Outreach

Rating: 2 (on a scale of 1 - 4)

Most of the partnering TSIs (for 3 of the 5 projects) are committed to taking forward the activities initiated under ITC interventions. Therefore, a continued, although gradual, application of these inputs, by an increasing number of beneficiaries, is likely to be witnessed. However, the sustainability of ITC projects in India is mainly dependent on the continued financial support for these interventions, and the continued improvements in the institutional capacities that have been developed.

Most projects are not financially sustainable in the absence of external funding because partnering TSIs do not have resources to carry on ITC initiated interventions, which are not directly within their mandate to seek funds for continuing the same. However, the EPRP Project is sustainable at the current level without further funding, and it has already grown in scale after ITC's exit. Although the Spices Board, the TSI for the Organic Spices Project, has made budget provisions for sustaining the project, but considering the limited fund base, it largely depends on the support of Government of India, and the Ministry of Commerce and Industry.

Similarly, the sustainability of the Wooden Handicrafts Project is constrained by the participation and budgetary support from state level bodies, as development of handicraft clusters is the responsibility of respective states and is not directly under the TSI. Two of the TSIs, IIMM and IIP are fundamentally academic/research institutions, which have a limited capacity to advocate sector policies or engage directly in the provision of TA. They can only play a meaningful role in dissemination and outreach. However, the outreach is likely to be restricted by the ability of the partners to provide services on a commercial basis. Outreach is further dependent on the continued financial support for these interventions either through an extension of the projects, or from government (central and/or state) allocations.

Table 12: Summary of Project-wise Ratings in India¹⁷

	Relevance	Efficiency	Effectiveness	Impact	Sustainability and Outreach
Wooden handicrafts	4	2	2	1	1
Organic Spices	3	3	3	4	4
IPSM	3	3	2	2	2
PACKit	4	2	n/a	n/a	n/a
E-Trade Bridge	2	2	1	1	1
Overall	3.5	2.5	2	2	2

¹⁷ Score on a scale of 1 - 4, where 1: Highly unsatisfactory and 4: Highly satisfactory

Strength, Weakness, Opportunity and Threat Analysis

Besides Evaluator's assessments of the performance of ITC, the following analysis is based on responses in datasheets and feedback during stakeholder interviews. The analysis also draws in perceptions of the comparison of ITC with other providers of TRTA:

Table 13: Strength, Weakness, Opportunity and Threat Analysis

<p>Strengths: Internal (ITC services)</p> <ul style="list-style-type: none"> • Acknowledged as provider of high quality technical assistance services. • Highly competent and capable manpower. • Excellent network of consultants and specialists in all sectors all over the world. • Providing unique services, such as: • Spot price information on major products and major markets. • Updating market reports at least biennially. • Periodic buyer-seller meets in target countries. • Flexible/responsive to beneficiaries' needs. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Image deficit: Low awareness of full range of ITC's services portfolio, even among partnering TSIs, other donors. • Limited financial resources limit delivery of assistance. • Cannot provide financial assistance for procurement of equipment (processing, testing etc.). • No ongoing engagement with national level apex industry bodies.
<p>Opportunities: External environment (TRTA) and country needs</p> <ul style="list-style-type: none"> • Potential for enhancing presence in India through partnerships with apex industry bodies. • Building synergies with other international organisations active in India. 	<p>Barriers or Threats to ITC performance</p> <ul style="list-style-type: none"> • Government policy on bilateral aid. • Lack of financial resources of national partners for sustainability.

ITC's strength of being acknowledged in India as a provider of high quality TA services has not translated into a strong presence or visibility in the country. Two areas of weakness stand out as the key factors for this situation – low awareness among potential partners and beneficiaries of ITC's full range of products and services; and lack of engagement with national level apex industry bodies. Addressing these would also enable ITC to capitalise on the opportunities and overcome the barriers/threats it faces in India, as discussed in more detail in the following section.

1.6 Conclusions and Recommendations

Conclusions

Perceptions about ITC

ITC services are widely appreciated by recipients for being practical, hands-on and business-oriented. Almost all TSIs, including those that have not partnered with or are not actively associated with ITC any longer, have a high opinion about the quality of the inputs. The stakeholders find ITC a competent provider of TA, and extremely responsive to beneficiary and TSI needs. ITC is also found to be flexible in designing interventions to suit local requirements and adapt to local constraints. One of the projects was re-designed during a mid-term review, based on stakeholders' recommendations.

An important advantage of ITC's services is that it facilitates stakeholders' personnel to gain exposure to international practices through participation in international programmes, which otherwise would be stalled due to the tedious process of administrative clearances from the government. The Spices Board, one of India's acclaimed sector apex organisations attributes several of its technical capacity development exercises since 1977 to ITC. The latter was able to arrange expeditious funding for the Spices Board's personnel to attend international events, which would have been inordinately delayed/denied were it referred to the Indian Government in normal course.

Low-key Presence

Although ITC has had a long association with India in providing TRTA, its reach and visibility have been disproportionately low vis-à-vis the potential that exists in such a large developing country. Such potential as having a huge SME sector and also a very large, poor population engaged in micro-scale economic activities in, for example, agriculture, skill-based production of traditional items, etc. making them vulnerable to competitiveness issues even within the country.

The overall awareness about the full range of ITC programmes and services is quite low, even among the partnering TSIs. Many of the donors present in India are also not aware of specific activities/projects undertaken by ITC in India.

Performance

ITC's projects/interventions in India, while highly relevant, and despite ITC being perceived as a competent provider of TA, have not fared well in terms of effectiveness, impact and outreach/sustainability. Overall, it is found that global/multi-country projects (E-Trade Bridge, IPSM, PACKit) tend to elicit limited 'ownership' by implementing partners and therefore have low/marginal impact. Even though some programmes do not envisage extensive involvement of national partners in programme delivery, as most activities are carried out directly by ITC, there is nevertheless a responsibility for partners to follow-up and give relevant feedback to ITC.

However, one project – Empowerment of rural communities to export organic spices (EPRP) – stands out for its successful implementation. Some of the factors that contributed to this success and could therefore be used as pointers for future interventions are:

- Design of country-specific project, addressing specific and priority needs of the beneficiaries;
- Appropriate selection of partnering TSI and involvement of local organisations as implementing partners;
- Creation/building of capacities within the partnering institutions;
- Complementary/supporting interventions of ITC as well as other donors.

Partnership with Apex Industry Bodies

ITC has not been able to strike an active partnership with the apex industry bodies such as CII, FICCI and ASSOCHAM; all of which have broader mandates, are purely member driven and have better outreach within and outside the country. The strategy of partnering with the national counterpart organisation (ITPO) and sector-specific national TSIs (Spices Board, DCH, IIP, IIMM, ACMA among others) has its advantages – better technical capacity and higher level of involvement in the sector -, but these organisations have their limitations in terms of mandate, resources and reach.

Therefore, in addition to sector-specific TSIs, a more active engagement with apex industry bodies would enable a more effective introduction of multi-sector products and services, such as World Trade Net and BAS, like E-Trade, IPSM, PACKit, etc. Further, these institutions would be better placed to facilitate the replication of successful ITC projects in other sectors. For example, the successful model of ITC's EPRP project in India (export of organic spices) could be replicated for other important export crops of India, such as rice, tea, coffee, etc. Broadening the range of partners is also essential to have a meaningful outreach in a vast and diverse country such as India.

Recommendations

Enhanced Presence/Engagement in India

- Build on the positive image in India (quality of TA, responsive, business oriented, and practical) to substantially increase the level of interaction/engagement with the Government of India; specifically the Ministry of Commerce and Industry and its constituent departments such as Directorate General for Foreign Trade, Department of Industrial Policy and Promotion, to identify areas for partnerships in trade-related technical assistance.
- Set up a forum/mechanism for regular consultations with TSIs (sector bodies, industry bodies, etc.) for identifying TA needs.
- Improve awareness of ITC products and services at the country level, among a wider cross section of TPOs, TSIs as well as donors.
 - Widen dissemination of ITC publications.

- Initiate more exchanges by ITC staff (in-charge of India) with senior functionaries of other agencies, sharing of case studies/success stories.
- Increase participation in events organised by these organisations.

Improving Performance

- Involvement of local sector organisations/experts as implementing partners, in addition to the partnering TSI can help in improving the effectiveness and impact of the project, through their better understanding of local issues, and better acceptability among the beneficiaries. The success of the Organic Spices Exports Project is a good example, where involvement of local NGOs as implementing partners was instrumental in the project achieving the targeted results.
- A well-defined Exit Plan, pre-agreed with implementing partners, would go a long way in facilitating a planned exit of ITC for ensuring sustainability of the project impacts. This is particularly useful in projects like Organic Spices and ongoing programmes like Benchmarking Tools and E-Trade Bridge, where the project level results are encouraging. An Exit Plan would identify further needs to be met in order to sustain the results, even after ITC's formal engagement comes to an end. DFID has followed this practice for its projects in India, with good results.
- Depending upon the nature of the project, ITC should also take up follow-up interventions, in consultation with the partnering TSIs, as a 'refresher' TA and to bring in updated inputs. Such support would help in maintaining continued interest of the TSIs as well as beneficiaries in projects such as (i) E-Trade Bridge – where the beneficiaries felt that they did not receive any substantive inputs, and the TSI (HHEC) felt that the project was not taken to its logical conclusion. Another project is (ii) the IPSM – where the project is considered self-sustaining, but the outreach, and therefore impact, is limited.
- Besides capacity development, greater emphasis should be on facilitating market linkages and arrangements for front-end marketing. Unless such linkages are established, the results of TA/capacity building are sub-optimal, as in the case of promotion of export of wood based handicrafts, and E-Trade Bridge. Even though the project was not directed toward such results, beneficiaries tend to evaluate the results of e-practices from the impact on market linkages.
- The project design should also take into account the essential facilities/infrastructure required for success, so that adequate provision is made for upgradation and modernisation. This was one of the main factors for the Wooden Handicrafts projects not achieving its targeted results. On the other hand, the success of the Organic Spices Exports projects was facilitated by the financing of processing facilities under a separate parallel project for processing of organic spices, in the same location, supported by other international organisations.
- Projects and services requiring fee-based participation by beneficiaries and stakeholders should have some fund allocation for a wide dissemination of the information about the project, and suitable promotion material should be made available to the TSI. This was found to be a major constraint in the IPSM project.

Partnership with Apex Industry Bodies:

ITC should explore more intensive partnerships with national apex institutions, both inside and outside the Government, in order to expand its visibility and reach in India.

Examples include:

- The Ministry of Small Scale Industries, responsible for policy formulation, advocacy as well as implementation through its field organisations Small Industry Development Organisation (SIDO) and National Small Industries Corporation Ltd., which have a nation-wide reach.
- Apex industry bodies (such as CII and FICCI).

Co-ordination with Other Donors and Providers of Technical Assistance

The Organic Spices Project in India provides clear evidence of the synergistic effects of complementary interventions of two or more donors. It would therefore be worthwhile to put in place a mechanism for co-ordination among various donors. A beginning in this direction could be initiated by ITC, through simple initiatives like:

- Exchange of publications;
- Sharing of information on country specific projects/interventions with counterparts;
- Providing hyperlinks on their respective websites.

Annexes

- Annex 1. Country Trade and Development Context
- Annex 2. ITC Projects in the Country/ Projects Sampled
- Annex 3. Results of Field Research on a Project-by-Project Basis
- Annex 4. Evaluation Matrices
- Annex 5. Stakeholder Analysis by the Evaluators
- Annex 6. List of Trade Promotion Offices and Trade Support Institutions
- Annex 7. Ongoing Trade Related Technical Assistance Programmes of International Organisations in India
- Annex 8. Structure of Small or Medium-sized Enterprise Sector in India
- Annex 9. List of Contacts

Annex 1: Country Trade and Development Context

Economic Profile

The Indian economy has transformed from an era of extensive controls and licensing in the 1960s, to a liberal market-driven economy with a large involvement of both private and foreign enterprises. The economy is broad-based, with well-developed agriculture, industrial and service sectors, including high technology and knowledge-based sectors. Salient features of India's economic profile:

- GDP of INR 12.68 trillion in 2001 to 2002.
A strong agriculture sector, accounting for more than 26% of national output, with self sufficiency in all important crops except oilseeds.
A diverse industrial base with self reliance in all core industries and a wide range of engineering products.
A robust services sector accounting for 49% of GDP, driven by a large pool of technical manpower and competitive labour costs.
- Population of over 1 billion, with a large, growing consumer class estimated at 200 million people.
- A stable external deficit between 1.5% and 2%, and adequate foreign currency reserves to meet external payments.
- A policy environment with periodic liberalisation of investment and trade regulations.

The Indian economy is presently maintaining a growth rate around 5%, and has targeted a growth of 8% under the Tenth Five Year Plan, with an increased role of service sectors.

Table annex 1. India's Gross Domestic Product Break-up

Sector	2001-02		2002-03 (quick estimates)	
	INR billion	GDP Share (%)	INR billion	GDP Share (%)
Agriculture and allied sectors	3,338	26.3	3,204	24.3
Manufacturing, construction, power, water and gas	3,089	24.4	3,282	24.9
Banking, finance, insurance, business services	1,577	12.4	1,716	13.0
Transport communication and trade	2,969	23.4	3,178	24.1
Public services and defence	1,705	13.4	1,803	13.7
Total Output value	12,678	100.0	13,183	100.0

Principal Sectors

India's GDP comes from three principal sectors – Agriculture, Manufacturing and Services. Services – including real estate, transportation, financial services and other

business and social services – account for 49% of GDP, while manufacturing and agriculture and allied activities account for 25% each.

Agriculture

Agriculture, with a market output of INR 3,338 billion, is a key sector in the Indian economy and contributes more than 24% of the national product. Agriculture is the primary means of subsistence and livelihood for a large section of the population (almost 65%). However, more than 80% of the land is under small, marginal farmers having land holdings of less than 2 hectares.

India has a wide range of climate and soil types, enabling a diversified agriculture base. India's important crops are: rice, wheat, coarse cereals, cotton, sugarcane, tobacco, pulses and oilseeds, as well as a large range of fruits and vegetables. India is among the top five producers of several food grains and horticulture produce as well as major plantation crops. India also has a large livestock and fisheries sector and is the world's largest producer of milk.

Agriculture performance is critically dependent on monsoons, as nearly 45% of the agriculture area remains non-irrigated. Vagaries of rainfall can have devastating effects on crops and cause volatile fluctuations in crop harvests, as evident from the agriculture growth trends in the past six years.

There is considerable Government intervention in the sector, in the form of farmer subsidies, government-supported rural infrastructure, extension services and price support to agriculture produce.

Agriculture also plays an important role in India's exports. Basmati rice, spices, cashew, processed fruits and meat products are the major product groups for exports. In the first six months of 2002 to 2003, agriculture exports were estimated to be USD 3.5 billion, about 12% of total exports for the period. However, India's share is less than 1% of the world trade in agricultural products, and is essentially in the form of primary commodities.

Manufacturing

India has a broad-based industrial base, covering a large range of basic, intermediate and consumer goods. The industrial structure includes several large public sector undertakings (government/state promoted units), and a large private sector:

- More than 200,000 factories.
- A million cottage and small-scale enterprises (the number of registered enterprises is much larger – 3.2 million – but many are not operational any more).
- A work force of 14 million workers and 4 million trained technical personnel.

Since liberalisation, a large share of foreign direct investment has come into the manufacturing sector, including export-based activities.

Manufacturing currently represents 24% of GDP and nearly 75% of India's exports. Chemicals, machinery and equipment, food processing, textiles and apparel, transportation goods, metals and plastic products are the most important groups by output value. Major export earners are gems/jewellery, textiles, metal products, leather goods, transport equipment and machinery.

Public Sector (state-owned and managed) has a significant presence in the Indian economy. India's industrial and economic development policy in the 1950s and 1960s was based on a mild socialist model, with the public sector enterprises as engines of industrialisation, economic growth and large-scale employment. It was believed that a dominant public sector would reduce the inequality of income and wealth and advance the general prosperity of the nation. Government investment in the public sector is presently INR 2,525 billion, almost 94% of the total revenue receipts of the Government of India and half of the total external debt of India.

SSI also play a vital role in the economy: There are over 3 million SSI units, contributing almost 40% of the gross industrial value added and 45% of exports. The SSI sector dominates in sports goods, ready-made garments, knitwear, plastic products, processed food and leather products.

Services

Services – including infrastructure (real estate, transportation among others), financial services and other business and social services account for 49% of GDP.

Infrastructure development is a key theme in India's economic policy, given its linkages with GDP growth and trade expansion. The thrust of infrastructure policies in the nineties has been on the gradual loosening of control and privatisation of core infrastructure services such as power, telecommunications, airports, roads and ports, which were under government monopoly.

Major reforms have been undertaken in respect of power, telecom, roads and civil aviation, allowing private and foreign ownership and the entry of institutional finance on a commercially viable basis.

Infrastructure segment grew by 5.4% in 2001-2002, compared to 2.5% the previous year. The Government has resolved impediments and created the legal mechanisms to pave way for private ownership of infrastructure assets, foreign direct investment, autonomous regulatory authority, fiscal incentives such as tax-holidays and exemptions for funds invested in infrastructure, and special purpose vehicles to lease out, manage and transfer ownership of assets under Build-Operate-Transfer and other models.

Banking and Finance: India has well-developed banking and financial institutions, ranking among the best in developing nations. The banking network extends through more than 300 commercial banks, including public sector banks (nationalised banks), private Indian and foreign banks.

Besides banks, development financial assistance to industry and trade is provided by three premier financial institutions – the Industrial Development Bank of India, the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India – in the form of term loans, foreign currency credit lines, etc. within the ambit of the central bank (Reserve Bank of India) regulations.

In addition to the normal banking network, special institutions like the Life Insurance Corporation of India, General Insurance Corporation of India, Unit Trust of India and Mutual Funds form the base for long-term funding to the Government Central Plan finances, and other long-term finances to the industrial and social sector.

Physical Infrastructure

Provision of physical infrastructure remains a major challenge for the Government of India due to the geographical spread of the country as well as financial resource constraints. The lack of adequate infrastructure has not only constrained the growth performance of the economy, but also induced a significant cost in terms of welfare loss (for example in morbidity and water-borne diseases). Government has now significantly shifted away from the direct production of public goods to focusing on the regulatory and policy framework, and private-public partnership to generate adequate provision of these public goods.

Roads: India has 15,170,773 km of paved roads. Roads carry 85% of passenger traffic and 70% of freight traffic. A major initiative launched in the recent years is the National Highway Development Project, comprising of:

- Golden Quadrilateral of 5,846 kms connecting the four major cities of Chennai, Delhi, Kolkata and Mumbai.
- The North-South (Srinagar-Kanyakumari) and the East-West (Silchar-Porbandar) corridors of 7,300 kms length.

The other initiatives are the Prime Minister Rural Roads Project – to connect 0.15 million unconnected villages at an estimated cost of INR 1,320 billion – and the programme under the Prime Minister's Bharat Jodo Pariyojna (Join India Project), which targets 10,000 kms of roads at a cost of INR 550 billion.

Rail links: India has a vast rail network spread over 63,122 route kms. Indian railways carried 5.112 billion passengers and 557.4 million tones of freight in the year 2003-2004. Schemes for modernisation and safety improvements have been launched.

Sea links: Ports are a crucial part of the transportation infrastructure of the country and handled over 453 million tons of cargo in the year 2003-2004. There are 12 major ports, which handle 76% of the load and 185 minor/intermediate ports. Through a series of initiatives India has made substantial progress towards modernisation of major ports, with the involvement of private investment. Special attention is paid to the reduction of the turnaround time at these ports.

Telecommunications: India has witnessed a rapid expansion in the telecom sector accompanied by significant technological advancement. As on 31 March 2004, there were 55.97 million fixed line connections and 33.70 million mobile phones (an increase of 159.20 % over the previous year). Similarly, the number of Internet connections has also risen rapidly to 0.0016 per capita. For a large section of the population without a telephone, 1.76 million Public Call Offices provide dependable connectivity.

Trade Policy

Trade Policy for the period 2004-2009 is aimed at doubling India's percentage share of global trade within 5 years and expanding employment opportunities, especially in semi urban and rural areas. It identifies special focus initiatives for the agriculture, handlooms, handicraft, gems & jewellery and leather sectors.

Important initiatives in the respective sectors are:

Agriculture

- A new scheme called the Vishesh Krishi Upaj Yojana (Special Agricultural Produce Scheme) for promoting the export of fruits, vegetables, flowers, minor forest produce and their value added products has been introduced.
- Funds shall be earmarked under ASIDE for development of Agri Export Zones.
- Handlooms.
- Specific funds would be earmarked under Market Access Initiative/Market Development Assistance Scheme for promoting handloom exports.
- New towns of export excellence with a threshold limit of INR 2.50 billion (approx. USD 55 million) to be notified.

Handicrafts

- New Handicraft Special Economic Zones (SEZs) shall be established, which would procure products from the cottage sector and do the finishing/value addition for exports.
- Specific funds would be earmarked under MAI & MDA Schemes for promoting Handicraft exports.
- New towns of export excellence with a reduced threshold limit of INR 2.50 billion (approx. USD 55 million) shall be notified.
- Gems & Jewellery.
- Steps for facilitating import of gold and other metals, consumables (including duty-free imports).
- "Manufacturing" status for cutting and polishing of gems and jewellery, for Income Tax purposes.

India is in the process of establishing SEZ all over the country as specifically delineated duty free enclaves, which are deemed to be foreign territory for the purposes of trade

operations and duties and tariffs. Goods and services going into the SEZ area from Domestic Tariff Area (DTA) will be treated as exports and goods coming from the SEZ area, and those into DTA will be treated as imports. SEZ units may be set up for manufacture of goods and rendering of services. The SEZ units may import/procure from the DTA without payment of duty.

The Board of Trade is also being revamped to take on a clear and dynamic role in advising government on relevant issues connected with Foreign Trade Policy.

Trade Balance

In the recent years, India's balance of payment has been characterised by surpluses in both the current and capital accounts. During the year 2002-2003, exports from India were USD 52 billion (an increase of 17% over the previous year) as against imports to the tune of USD 65 billion (an increase of 13.5% over the previous year). The trade balance was thus about minus (-) USD 13 billion. Taking into account the net invisibles, the current account balance was USD 4 billion. Considering the trend in the first three quarters of 2003-2004, India expects to post a positive current account balance for the third year in succession. This trend is consistent with that of most economies of developing Asia, (like Indonesia, Malaysia, Philippines and Thailand) which began showing surpluses in their current account balances from the latter part of 1990s. However, as a proportion of GDP, India's current account surplus in 2003 was 0.5%, much lower than Indonesia (4%), Malaysia (11%), Philippines (2%), Thailand (6%) and China (2%).

The net Capital account for April to December 2003 was USD 18 billion, showing an increase of 80% over the corresponding period in the previous year. In fact, it was far more than that for the entire year 2002-2003.

Annex 2: ITC Projects in the Country/Projects Sampled

The project database of ITC for the period 2001-2004 shows 21 entries for India, which cover services such as exports promotion, trade related entrepreneurship assistance, market studies, quality assurance, empowerment of rural community, e-trade, support to business forums, etc. Of these, eight are country-specific projects, and 13 are multi-country programmes that include India among the beneficiary countries.

However, several of these entries relate to events/meetings held for programme development/formulation, and do not constitute actual projects. For some entries no specific activities could be found under the projects. At the time the country level and field phase of this evaluation was conducted, there were only two ongoing projects in India, both multi-country programmes that include India among the beneficiary countries.

Sampling

Based on the sectors, scope and types of services under various projects, the following projects were sampled for country level studies in India.

- Promoting export of wood based handicrafts.
- Empowerment of rural communities to export organic spices (EPRP).
- E-Trade Bridge for SMEs.
- Development of IPSM training and consultancy support.
- Testing and PACkit training.

The sample covers a mix of two country-specific and three multi-country projects. Three projects had already been completed at the time of the evaluation while two were still under implementation/ongoing. The selected projects also address different development concerns and crosscutting issues. The selected projects also cover most of the ITC competencies areas.

Methodology

For the field study, a Local Consultant with appropriate background, qualifications and experience was recruited by the Core Evaluator. A short training session was carried out in Nairobi for local consultants responsible for India, Kenya, Tanzania and South Africa, in which the project documents, evaluation questionnaires and other tools previously developed for the purpose were presented to local consultants. Local consultants were responsible for verifying the contact points for each project and also for initiating preparations for the field study.

In order to save time during interviews, local consultants had the responsibility to prepare the country data sheets, project data sheets and TSI data sheets in advance. They also had to initiate preparations for the field study and arrange the visit of the Core Evaluator with stakeholders. The Core Evaluator visited India in May/June 2004, in accordance with the schedule provided by the local consultants, and only detailed, qualitative evaluation

questions were discussed with the various respondents in these interviews. **The local consultant** with several TSIs also discussed data sheets, after the visit of the Core Evaluator. This was in order to complete the information needs of the Evaluation.

Most of the meetings took place during May 25 to June 15, 2004. However, the Evaluators continued follow-up with various respondents, and the report incorporates feedback received up to January 2005. In all, the Evaluators held discussions with 19 organisations, which included ITC partners and counterparts for the various projects (9); non-partner TSIs (3); major donors (4); and beneficiaries from some projects (3). In some organisations, meetings were held with several executives to elicit views on different aspects. Several other organisations were also contacted, but discussions could not be held due to non-availability of the concerned officials and/or lack of response (TSIs (3), Donors (4), Beneficiaries (6)). Review of the visit took place on June 3, with a listing of follow up actions for the Local Consultant.

Based on the views expressed by stakeholders in course of the interviews and the Evaluator's own observations, a rating of each project on the five evaluation criteria has been provided by the Evaluator on a 4-point Likert Scale. This avoids 'middling' scores such as 'modestly satisfactory' and forces a clearer position.

Definition of the Rate scale:

4 – Highly satisfactory; 3 – Satisfactory; 2 – Less than satisfactory; 1 – Highly unsatisfactory.

It must be clarified that the Evaluator has provided ratings against evaluation criteria based on the submissions of several stakeholders and not all ratings are directly polled by the respondents themselves. (There being several stakeholders for most projects, not all agreeing to the same assessments, and all highlighting their most prominent impressions of the experiences).

Annex 3: Results of Field Research on a Project-by Project Basis

Promoting Export of Wood Based Handicrafts – IND/95/001

- Donor: UNDP.
- Expected Outcomes: Increasing craft exports, income and employment; assistance in design, product development, quality control and marketing.
- Project budget: USD 28,362.
- Estimated project duration: 1995 to 2001.

The major objective of the project was to increase export of wood based handicrafts on a sustainable basis, thereby generating income and employment for artisans engaged in the sector.

The project was initiated in February 1995 and was formally closed in the year 2001. The focal point for the project was Office of the DCH, under the Ministry of Textiles, Government of India. In addition, Export Promotion Council for Handicrafts (EPCH), various institutions responsible for design and development of handicrafts sector, and selected manufacturers and exporters were associated with the project.

This project, funded by UNDP, was developed in the line with the priority accorded by the Government of India in the VIII Five Year Plan (1992-1997), to development of the handicrafts sector, as it offered tremendous opportunities for employment/income generation and increasing foreign exchange earnings.

Project Outputs as documented by ITC/beneficiaries

- Exhibition of new prototypes at the New Delhi Indian Handicrafts and Gifts Fair in January 1997.
- A 6-week tailor-made course at the Liverpool John Morres University, UK, in 1998, in design, marketing and production skills for six managers of design and technical development centres.
- A 2-week study tour of South East Asia for seven key representatives of Indian wood handicrafts sector, for exposure to production techniques and business practices in successful craft trading countries (1999).
- Testing of toxicity of Indian lacquered wooden articles by a specialised international laboratory (2000).
- Training of 3 Indian master craftsmen, during the New York International Gift Fair.

Performance against the five evaluation criteria

Relevance: 4 (Rating on a scale of 1 - 4)

The TSI considers ITC's intervention in the handicrafts sector as highly relevant for India as handicrafts is one of the priority areas identified by the Government of India, not only

due to its potential for exports, but also because it provides meaningful livelihood opportunities for a large number of artisans.

The Evaluators consider the highly relevant score for India, based on the following counts:

- Handicrafts contribute nearly USD 105 million (2002 figure) to India's exports, a share of 2% in the world trade, which is much higher than India's overall share in world trade.
- Nearly 95% of the enterprises producing handicrafts are in the household sector, and a majority of the artisans come from the poor sections of the society. Therefore, development of the wooden handicrafts industry has a direct impact on the lives of some 260,000 artisan families, most of whom are poor.
- Women's participation in the handicrafts sector, as a whole, is substantial (about 47%).
- Handicraft products are eligible for preferential market access in EU and other major markets.

Efficiency: 2 (Rating on a scale of 1 - 4)

The programme was launched in 1995, focusing on capacity building in product design. However, in 1997 a team of experts carried out a review of the project; and based on visits to various craft locations and discussions with beneficiaries, it was decided to change the focus to technology up-grades & training, and exposure to international markets. NGOs were involved in the project implementation as part of the strategy to reach target beneficiaries. Therefore, the project went through some delays and saw discontinuities as per the TSI.

Cost-efficiency:

The outputs identified in the project document include three foreign training/exposure visits for Indian representatives, for which the estimated total cost (USD 45,350, as per details below, far exceeds the total budget for the project.

- A 6-week course in UK for six managers: A total cost of USD 19,200 – taking USD 7,200 as cost of 6 economy airfares, and USD 12,000 – @ USD 2,000 per week for board & lodging for all with shared accommodation.
- A 2-week study tour of South East Asia for seven representatives of Indian wood handicrafts sector: A total cost of USD 20,300 – taking USD 5,600 as cost of 7 economy airfares, and USD 14,700 – @ USD 150 per day per person – for board & lodging.
- Training of 3 Indian master craftsmen during the New York International Gift Fair: A total cost of USD 5,850 – taking USD 3,600 as cost of 3 economy airfares, and USD 2,250 – @ USD 150 per day per person – for board & lodging for 5 days each.

Even if board and lodging expenses are assumed to be borne by the host organisations in respective countries, the cost of airfares alone works out to be USD 16,400 – which is approximately two-thirds of the project budget.

Adding to this, the estimated costs of other project outputs (Exhibition of new prototypes at the New Delhi Indian Handicrafts and Gifts Fair; Testing of toxicity of Indian lacquered wooden articles by a specialised international laboratory) and the costs of international and Indian experts, it appears that the project budget of USD 28,362 was efficiently utilised for the project beneficiaries.

Effectiveness: 2 (Rating on a scale of 1 - 4)

The project delivered a complement of training and technical inputs, which could be used by the participants and the national counterpart institution to varying levels of effectiveness.

The project provided its participants the following services/assistance:

- TA in design, product development, quality control, improved tools and marketing, and workshops on technology up gradation.
- Documentation of hand tools, wood joineries, hardware and finishes used in the sector.
- Study of alternative wood varieties.
- Fellowship training in UK and USA for Indian designers (staff of RDTDC, Bangalore, and CCIC, New Delhi).
- Exposure to wood handicrafts industry of Philippines, Thailand, and Singapore (staff of DCH, state bodies and other stakeholders).

Although the objective of promoting exports of wood handicrafts could not be met at the sector level, at the project level, ITC could build additional capacities among a few beneficiaries to improve their products.

The objective of promoting exports of wood handicrafts could not be met because the artisans involved in handicrafts production do not have the basic facilities for production and quality control. However, there were some success stories at the enterprise level – two artisans have been able to upgrade their set-up to become full-fledged exporters, mainly due to the exposure gained through study tours and marketing missions organised under the project.

Impact: 1 (Rating on a scale of 1 - 4)

According to the TSI, there was no impact in terms of increase in exports of wood handicrafts aggregated at the sector level. Most of the end-users have been unable to utilise the benefit of TA from this project, as they do not have the requisite basic facilities for product design, production and quality control, nor access to credit.

The benefits from this project could not be adequately realised due to factors beyond the scope of the project (access to finance, common facilities, etc. which cannot be taken under ITC scope of assistance).

Sustainability and Outreach: 1 (Rating on a scale of 1 - 4)

According to the TSI, although there are isolated success stories, the project's benefits cannot be sustained without substantial investments in 'common facilities'. Most beneficiaries and clusters involved in the project do not have the basic facilities for production and quality control, including Common Facility Centres and Wood Seasoning Plants, nor do they have access to credit. They also lack marketing linkages at the industry level.

The TSI has a sizeable budget towards market promotion, and it has the potential to enhance exports. But the development of handicraft clusters is the responsibility of respective regional/state handicraft boards, and is not directly under the TSI. Therefore, outreach is constrained by the participation and budgetary support from state level bodies. The TSI can replicate the project in other locations, using its format and learning, with financial/budgetary support. Therefore, sustainability would depend on the adoption of the programme by donors and the government.

Empowerment of Rural Communities to Export Organic Spices of India (IND/95/06)

- Donor: World Bank.
- Expected Outcomes: Expanded opportunities for sustainable production and income diversification.
- Project budget: USD 250,000 (in addition, UNDP and Spices Board each contributed an equivalent of USD 20,000 for the project).
- Estimated project duration: 2001 to 2003 (formally closed in May 2004).

This project was one of the proposals selected in the Development Marketplace Competition hosted by the World Bank in 1999, based on its innovative approaches to poverty reduction at the community level. Spices Board of India, the apex organisation for the development of the spices sector, initiated this project with ITC to assist small-scale producers to penetrate the premium export market for organic spices.

The project objective was to use producer-owned Export Production Villages (EPVs) as a mechanism to organise smallholder Indian spice producers, build capacity through partnerships with local NGOs and ultimately, provide access for rural villages to higher-value export markets.

The project initially targeted 350 farmer families, in four districts across three states of Kerala, Tamil Nadu and Orissa as the direct beneficiaries in the project. Four NGOs

already active in the selected districts were identified as the programme-implementing partners.

The TA under the programme was in the form of exposure to ITC project tools, exposure to international market (visits of selected farmers and NGO representatives, international market study, identification of buyers), training of farmers in organic, environment friendly and sustainable farming practices, organic certification, development of local organic standards, etc.

Project Outputs as documented by ITC/ beneficiaries are as follows:

- More than 2000 families have benefited from the programme, as adoption of organic farming practices have helped in increase in income and livelihood.
- Collective organic certification of the area from an internationally accredited organisation has enabled access to international markets.
- Empowerment of NGOs for development of communication and market promotion activities, by providing computers with internet facility and software development for project monitoring and establishing website.
- Extensive market survey in European Countries for organic spices and dissemination of the information to project partners.
- Direct exports by project beneficiaries of black pepper and other spices to Europe, and dehydrated aromatic herbs (thyme and rosemary) to Switzerland.
- Use of on-farm vermi-composting facilities and other organic inputs has helped farmers to reduce production costs by about 15-20% by eliminating use of chemical fertilizers, pesticides, etc.
- Exposure to international markets, through participation in trade fairs, buyer-seller meets.

However, the most significant impact on enhancing livelihood and income opportunities comes from a related development outside the project: a UNDP and Spices Board supported organic spices processing facility in the same district, is set up by the Peermade Development Society (the project partners in Kerala). The project includes a modern spice cleaning, grading, steam sterilisation and grinding facility with 1000 MT per year capacity, which can process the entire output of organic spices from the district. The equipment has been installed and trial runs have already been completed successfully.

Performance against the five evaluation criteria

Relevance: 3 (Rating on a scale of 1 - 4)

The stakeholders consider the project to be highly relevant because organic spices have a very good potential for exports, and the farming practices and the natural conditions in the selected locations were already close to requirements of organic certification. In fact, the project idea was initiated by the TSI in view of its relevance for the regions. The Evaluators concur, as 'organic' cultivation not only opens up greater opportunities for

exports, but also offers the potential for the increase in direct incomes of producers. This is due to premium prices in the international market as well as reduction in production costs.

Also the choice of products was most appropriate. Spices such as pepper are a major crop in Kerala. In the Nilgiris region in Tamil Nadu, where the topography does not support expansion of conventional agriculture, the project's introduction of herb cultivation inside huts and cottages enabled a new economic activity for the farmer families.

Due to the large population of producers engaged in production of the selected crops in the respective regions, the project has a clear potential for up-scaling.

Spices cultivation in the selected regions, was already being carried out in 'near-organic' conditions, but the farmers are small holders, with neither the financial resources nor technical know-how to achieve organic certification, which was facilitated under this project.

However, the selection of one (Orissa) of the four locations seemed less appropriate for the products chosen in the intervention.

Efficiency: 3 (Rating on a scale of 1 - 4)

The stakeholders' are extremely appreciative of the quality and timeliness of TA and other inputs provided by ITC at all stages of the project:

- Capacity building of the TSI.
- Capacity building of the four NGOs selected as implementing partners – one for each location.
- Provision of international market information.
- Meeting the requirements of organic certification of farms, etc.

The TSI also finds ITC very responsive to beneficiary and TSI needs and very flexible in designing interventions to suit local requirements and adapt to local constraints.

The most important aspect of the pilot project is that ITC has chosen to work with the Spices Board, which has the record of being among the most effective sector organisations in India, and has the support of the sector's producers as well as exporters. The same Board enjoys a good reputation in international markets. The Board has the required outreach and technical capabilities to expand the EPRP model to other districts, and create a national export base for organic spices.

Also the selection of local NGOs, already active in the selected regions, helped in gaining the confidence of farmers.

The inputs of ITC have been delivered in a timely and efficient manner, resulting in a high degree of absorption by all stakeholders. This is reflected in achievement of organic certification in three of the four regions. During field missions it was observed that the necessary records are maintained well.

However, it is reliably learned that the project did not perform as efficiently in one of the four districts (a district in East India), where the main counterpart did not have adequate control over the activities in that district.

Cost-efficiency of services provided by ITC could not be gauged in this project, due to non-availability of cost break-ups and a detailed listing of activities at each of the four locations where the project was implemented, albeit with varying degree of success. However, ITC's approach of developing capacity within the TSI (Spices Board) and implementing partner NGOs that were responsible for managing the project enabled a much higher project outreach in terms of the number of end beneficiaries (farmer families). Besides capacity enhancement of these organisations, another positive aspect has been the development of documentation of 'best practices' for a wider dissemination.

The fact that the project also benefited from the synergistic effect of other donor-funded projects, further complicates direct assessment of the cost efficiency of ITC's services.

Effectiveness: 3 (Rating on a scale of 1 - 4)

Overall, the project has attained its objectives and has shown good results in terms of improvement in income levels and livelihood opportunities, capacity/skills development among TSIs, partnering NGOs and community organisations, and development of international market linkages. The following results have been achieved:

- Producer groups have been formed in each of the four project areas.
- Organic certification has been achieved in the project areas in Kerala and Tamil Nadu (3,500 acres against 764 acres targeted), which will qualify their production for international markets.
- Peermade Development Society has already commenced exports of organic spices. The Society exported black pepper, white pepper and other spices to the tune of 91.5 MT in 2001-2002, 101.9 MT in 2002-2003 and 152.71 in 2003-2004 to Europe and USA. This export production included 2 MT of dehydrated aromatic herbs (thyme and rosemary) directed to Switzerland.
- Farmers are generating increased incomes, as they have been able to reduce production costs by about 15-20% by eliminating the use of chemical fertilizers, pesticides, etc.

Although many farmers are yet to get a premium price for their organic produce in the domestic market, they are hopeful that their incomes will increase from exports, once the processing facilities (a separate project being set up by the same beneficiaries with UNDP support) are operational.

- Exposure to international practices and market trends through overseas visits for training, participation in trade fairs, conferences, etc.
- Beneficiaries have been introduced to the concept of Export Production Villages.
- Access to international market information.

- Capacity Development of the TSI

The Spices Board has benefited from ITC support in the following ways:

- Technical training on Export Promotion Tools and Export documentation.
- Management of international trade fairs such as the World Spice Congress, through training and exposure programmes.
- Market exposure visits for Spice Board Officials, and preparation of market studies.
- Access to international price information and market bulletins (market news services).
- Exposure to international practices and market trends through ITC information products.

- Capacity development of the participating NGOs

The four participating NGOs have strengthened their capacity in the following key areas:

- Managing the project activities effectively.
- Providing training to the farmers on production and marketing, maintaining records for organic certification (maintenance of log books for the project), and monitoring results at the level of households.
- IT empowerment for computer-based monitoring, elaborating business and marketing plans, setting up websites as a tool for international marketing as well as information dissemination.
- Business development including establishing of business contacts with local exporters and overseas importers.
- How to achieve Quality Assurance for organic spices for export.
- Participation in Biofach 2003 leading to more practical knowledge of the global organic market.

However, the Evaluators would like to also give due credit to the highly complementary UNDP project for processing of organic spices, which enabled an end-to-end linkage from cultivation to market for the intervention; and has a significant contribution to the effectiveness of the intervention.

Impact: 4 (Rating on a scale of 1 - 4)

Overall the project has achieved a very positive impact.

- More than 2,000 families have improved their skills and adopted organic farming methodologies.
- Net incomes of farmers has increased due to reduction in production costs by about 15-20% through elimination of the use of chemical fertilizers, pesticides, etc.
- The farmers are able to now set up vermi-compost facilities at their farms for production of organic manure.
- The TSI and the participating NGOs have gained considerably in terms of capacity building, including exposure to international markets, through participation in trade fairs, buyer-seller meets, and other activities.
- The project has contributed to preparing the Government of India's application to the EU for Third Country Certification.
- Introduction of new varieties in line with market requirements as identified in market exposure through the project.
- Significant increase in exports of organic spice, reaching USD 1.1 million in 2003, compared to USD 0.45 million in 1998. The participating NGOs account for 60% of this export value.
- Organic certification has opened up long-term opportunities for exports at premium prices.
- Spices Board has been able to introduce national standards for organic cultivation in several spices.

The Evaluators concur with the stakeholders' views that the project has achieved a very positive impact on the lives of the beneficiary farmers; by enabling increased incomes, improved skills, and above all facilitating access to the export markets.

The TSI and the NGOs have been able to create or build up capacities within their organisations to manage all aspects of the project, including technical inputs for production, processing, quality control; as well as commercial aspects of export marketing.

Sustainability and Outreach: 4 (Rating on a scale of 1 - 4)

The partnering TSI, NGOs and beneficiary farmer families are all committed to sustain the project. Also, the results of the project have clearly demonstrated a potential for sustainability on account of having identified highly appropriate products, interventions, and implementation partners.

- The project achieved an outreach to 2,160 farmer families against a target of 350, covering an area of 3,500 acres against 764 acres targeted.

- More farmers are joining the project on their own initiative, and Spices Board is replicating the project's activities in other neighbouring areas using its own development budgets.
- The experience from cultivation of thyme and rosemary in the Nilgiris, Tamil Nadu can be replicated in other land-scarce high altitude areas, including in mountainous states in India.

A large increase in income and livelihood were observed in Tamil Nadu and Kerala, through a careful selection of products, in line with the market requirements as well as the topography of the regions.

The TSI has made budget provisions for sustaining the project after ITC support closes. However, considering the limited fund base, it depends largely on the support of the Ministry of Commerce and Industry for undertaking a large-scale programme for replicating the model in other locations. Therefore, the development of an organic spice export sub-sector in India depends on developing a national programme for organic spices, based on the positive experiences of the EPRP project. This will require large investments and budgetary allocations in several states toward training and certification, as well as processing capacities to use the output of organic whole spices.

The Indian project has been documented by ITC as a success story under the EPRP initiative. While this is indeed confirmed by the Evaluators, the key message is that the EPRP's success requires, and indeed, depends on its convergence with other interventions that collectively have the potential to bring about lasting benefits for the target beneficiaries; and eventually help in the large-scale transformation of the sector by linking with international market opportunities. In the Indian project, there were three such converging interventions:

- A long-standing technical co-operation between the Spices Board and ITC.
- The ITC programme on Quality Assurance in Spices, which laid the ground for the certification based activities in the EPRP. The Spices Board had already begun training and awareness building on good cultivation practices.
- The investment in spice-sterilisation and processing facilities under the UNDP/Spices Board assisted project, in the same location.

While this does not in any way undermine ITC's contribution to the success, it underscores the importance of exploring convergence and synergies with other projects in the sector/location being implemented by other agencies/donors, while designing the community level intervention.

Development of International Purchasing Supply Management Training and Consultancy Support Capacities in Association of South-East Asian Nations and South Asian Countries – RAS/61/81

- Donor: Switzerland.
- Expected Outcomes: Developing sustainable trading and consultancy capacities in international purchasing and supply management.
- Project budget: USD 1,063,568 (12 countries).
- Estimated project duration: 2001 to 2004.

The project was launched in July 2001, with the objective of providing exposure to international practices in Purchasing and Supply Chain Management, for executives of all levels, and keeping them abreast with the latest developments in the field of IPSM. The IIMM is associated with the project as the implementing agency. The project covers a total of 12 countries in the Association of South-East Asian Nations (ASEAN) and South Asia regions.

Project Outputs as documented by ITC/ beneficiaries (covering all beneficiary countries) include:

- A network of 21 institutions offering Modular Learning System (MLS) was formed by end of 2003.
- More than 250 trainers were trained through 13 events in three years.
- MLS training now offered in 8 countries, and the rest of the countries are likely to start within 2004.
- Training of IPSCM consultants also started in 2003.

Performance against the five evaluation criteria

Relevance: 3 (Rating on a scale of 1- 4)

ITC's MLS, which is based on the IPSM training programme is considered relevant by the stakeholders for Indian executives in the middle and senior positions in materials management function. The course material is well prepared and also updated from time to time, to maintain its relevance in the context of the dynamic business scenario. The programme format allows the working executives to pursue the course on a part time basis, and gives flexibility on the time frame for completion, as well as the selection of relevant modules according to the needs of the participants. Also, joint certification by ITC and IIMM adds to the value of the programme. The Evaluators agree with the stakeholders on the relevance of ITC's MLS based on the IPSM training programme for India, in terms of good course material. However, it does not have formal recognition as a professional course/qualification for certain positions in the materials management function.

Efficiency: 3 (Rating on a scale of 1- 4)

The methodology adopted by ITC is to develop a pool of trained trainers within the TSI, for delivering the programme, under guidance of ITC experts. These trainers are functioning as the faculty for delivering the programme in India, and have also subsequently trained more trainers. The selection of TSI for delivery of the programme in India is very appropriate, as IIMM is one of the premier institutions in the field and has 35 branches and 17 chapters all over India, equipped with faculty and infrastructure to conduct the programme.

The examination papers are provided by ITC and the exams are conducted by IIMM at their five selected centres, strictly as per ITC's instructions. The successful candidates are issued a certificate jointly by ITC and IIMM.

ITC inputs, in the form of training of trainers, course material, etc. have been provided in a timely manner, as envisaged in the programme design. However, there are high costs associated with administering the programme substantially from Geneva. These costs cannot be localised because the IPSM is a global programme. However, from the country's point of view, the costs could be considerably lower if administered from India.

- Cost Efficiency

The project was simultaneously undertaken in 12 countries, with an overall budget of USD 1.06 million, representing close to USD 90,000 per country. The main outputs are in the form of 33 certified trainers, or close to USD 2,700 spent per trainer. This is comparable to the cost of a two-year post graduate diploma in Purchase Management, offered by national recognised institutes in India, which is in the range of USD 2,000 to USD 3,000.

As to the costs for participants, the fee of USD 1,800 was considered high by respondents to fund on their own, given the non-recognition of the ITC certificate and the poor awareness of its usefulness in Indian industry. Also, it has a limited utility for students weighing career prospects (higher willingness to pay), especially when compared to the mainstream courses offered by several institutions, including the IIMM. The IPSM programme is only likely to be useful for executives as a supplementary qualification, and is more likely to be considered on a company-sponsored basis.

Effectiveness: 2 (Rating on a scale of 1 - 4)

No quantitative targets were set in the project document for the number of trainers to be developed and the number of participants to be enrolled for the programme. So far about 150 participants have undertaken the full course since its inception in late 2001, which also includes the initial pool of 33 trainers trained by ITC experts. The partner TSI considered it a reasonably good start, although the response could have been much better were the programme well publicised. In the Evaluators' view, the interest in the

programme seems to be higher among trainers/faculty than among working executives practicing materials management on their jobs.

Although the TSI has 35 branches and 17 chapters all over India, not all of them have the faculty and facilities required for offering the programme. Only five of the centres meet ITC's criteria for serving as examination centers. Limited resources of the TSI do not allow the immediate upgradation of the facilities, and also suitably qualified trainers are not available in all the locations.

Impact: 2 (Rating on a scale of 1 - 4)

No effort has been made yet to measure the impact of the programme. About 150 persons attended and completed the course. According to the TSI trainers who had undergone the programme (fully or partly), it was found useful in discharging their professional responsibilities. However, the high cost of the programme, the low-key publicity and also practical constraints of the TSI in offering the product in all its locations have resulted in a limited impact of the project among the target beneficiaries.

There have been no visible efforts to get the programme recognised by the National Technical Education authorities. There is also no specific indication of 'career-enhancement value' of the course endorsed by employers, although the participants themselves appreciate its contribution.

Sustainability and Outreach: 2 (Rating on a scale of 1 - 4)

The programme is basically self-sustaining, as the beneficiaries are required to pay for attending the course and receiving the certification.

However, the programme outreach has been limited – 150 participants, including the initial pool of 33 trainers, in about three years from its launch – due to high cost. The total cost to participants, for the full programme (MLS – 14 modules) is about USD 1,800. This is very high for an individual working in a middle management position in an SME in India.

Another reason for low outreach is the low visibility of the programme as the TSI is financially constrained in advertising the programme.

Technically, the programme is sustainable at the current levels as it is fee-based without any subsidy. However, the high cost and lack of a wide publicity of the programme have restricted the programme outreach.

Some of the steps required for enhancing the sustainability and outreach of the programme are:

- Wider publicity of the programme.
- Measures to bring down the cost to participants (such as corporate sponsorships).

- Steps to enlist the support of employers in recognising the programme as a requirement for new recruitments and/or promotions for certain positions in the materials management function within their organisations.

Launching & Piloting PACkit- The Integrated Export Packaging Information Kit For Developing Countries (INT/W3/98A)

- Donor: Global Trust Fund
- Expected Outcomes: Field testing of PACkit materials by packaging institutions
- Project budget: USD 88,542 (in five Asian countries)
- Estimated project duration: 2003 to 2004

The project was launched in October 2003 and is being implemented in association with IIP as the implementing agency.

This is a multi-country initiative by ITC to undertake field-testing of PACKit materials and to prepare country packaging profiles by the packaging institutions in respective countries. According to the TSI, the project is aimed at facilitating exporting enterprises, particularly SMEs, in accessing information on and understanding the international packaging norms and requirements, taking into account the products as well as markets catered to. Through this project, an attempt is being made to create awareness and understanding of standards on export packaging, and also to produce a comprehensive packaging profile for the country, which would be made available to exporters as a priced publication.

Performance against the five evaluation criteria

Relevance: 4 (Rating on a scale of 1 - 4)

The project is considered highly relevant, as there is no international regulation and/or standardisation in packaging. Every country has its own standards, which makes it difficult for SME exporters to keep track of and conform to various standards. The lack of international regulation on packaging, affects the SME exporters from developing countries like India the most. ITC took a leadership role in addressing the widely felt need for profiling the export packaging for selected product categories, specific to importing as well as exporting countries.

Efficiency: 2 (Rating on a scale of 1 - 4)

The selection of the implementing partner IIP is most appropriate. However, only one out of the four information booklets had been completed at the time of evaluation in June 2004. The programmes outputs have since been completed and are being printed in January 2005.

- Cost Efficiency

At the time of the evaluation, the project was still at an early stage of implementation and therefore cost efficiency assessment may not be realistic.

A major part of the project budget seems to have been earmarked for mobilising the participation of countries in the project, and for compiling the database on export regulations/standards of important importing countries.

Effectiveness: Indeterminate

It is yet too early to assess the efficiency and effectiveness of the project as it is still at a very initial stage.

Impact: Indeterminate

In the Evaluators' view, it is too early to comment on likely impact and sustainability/outreach of the project, as there are a number of factors, which will determine the level of success.

The TSI is of the view that ITC's leadership role in profiling the export packaging for various product categories, a long standing need of the industry, would be of immense value to the industry, because an institution like ITC will have greater international acceptability. In the view of the Evaluators, its impact will be determined by the extent to which the packaging profiles are actually adopted in international business.

Sustainability and Outreach: Indeterminate

This is a one-time effort to produce the database, which would be made available to exporters as a priced publication and it is likely to be widely accepted. Major updates are not frequently foreseen.

The most important factors for sustainability are: adoption of the PACKit outputs by national/international bodies as (voluntary) industry standards or best practices, the wide dissemination by sector bodies/packaging institutions of these practices to exporters, and regular updating of the practices and standards through benchmarking.

Large-scale follow-up activities will be required for ensuring the acceptance and actual application in commercial transactions, for which ITC itself may have to take the lead, and may be even formulate another suitable follow-up programme/intervention.

E-Trade Bridge for Small or Medium Sized Enterprises (INT/W2/08A)

- Donor: Global Trust Fund
- Expected Outcomes: Creation of internationally competitive e-competent businesses, and building national e-trade capacities
- Project budget: USD 1,546,175 (28 countries)
- Estimated project duration: 2002 to 2006

This is a multi-country initiative (covering 28 countries – all Least Developed Countries according to United Nations designation and other selected countries in Africa, Asia and Pacific, Europe and Commonwealth of Independent States (CIS)¹⁸, Latin America and the Caribbean) by ITC to create internationally competitive e-competent businesses, and to build national e-trade capacities within the respective institutions.

The project was launched in India in 2002 and is being implemented in association with ITPO as the implementing agency. HHEC was the counterpart organisation for development of the portal www.hhecworld.com.

Project Outputs as documented by ITC/ beneficiaries

- E-preparedness report has been published.
- Several tools and related materials were developed, namely AuditSME, ExportSME, e-SME, ManageSME, Verifying Strategy, Designing Promotions, Purchasing and Expediting.
- Online versions of NeedSME, DemandSME and PlanSME were developed.
- E-Trade Bridge Global Network Symposium was held prior to the World Summit on Information Society.

As reported by the TSI, a consultant from ITC visited selected units in handicrafts (Delhi) and knitwear sector (Tirupur). ITPO provided the basic inputs for the project such as identification of beneficiary units, organising the meetings, and coordination of the visit of the consultant. The ITC consultant also provided inputs for improvement of the HHEC portal.

Performance against the five evaluation criteria

Relevance: 2 (Rating on a scale of 1 - 4)

In general, the concept of e-trade is quite relevant for SMEs in establishing international market linkages. However, most Indian SMEs do not have access to the basic facilities required for e-trade (computers, internet connectivity, trained manpower). Indian SMEs are not equipped to execute small quantity export orders materialising through e-trade, for reasons of scale. Also there is a need for change in the mindset of Indian SMEs, to overcome their resistance to change from their traditional approach to marketing.

Despite the overall relevance, e-enabling of enterprises is a lower priority for Indian SMEs than other key issues such as supply side constraints, standards and technical barriers, and access to finance and export credit. The intervention may have been a bit premature, in this context.

¹⁸ Commonwealth of Independent States. The CIS countries are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

Efficiency: 2 (Rating on a scale of 1 - 4)

The programme design did not provide for any follow-up support to the TSIs and the beneficiaries after the initial inputs by the consultant. Each beneficiary company was visited once but there were no ‘substantive’ inputs from the consultant. However, according to ITC, the consultant was not entrusted with the task of providing inputs, and his job was to identify best practice cases. This highlights a difference in perceptions as well as expectations from the project.

The concerned TSIs in the selected sectors – Apparel Export Promotion Council for garments and EPCH for handicrafts – were not involved in the process of selection of enterprises for development of best practice cases. The one-time nature of activities also does not provide a scope for follow-up interactions and mentoring, which is most essential for absorption of skills and capacities. However, improvements to the websites of several participants were suggested.

- Cost Efficiency

The project involved a one-time input at the country level, in the form of a two-week visit of an international consultant for visiting about 20 selected SME exporters in two locations.

Based on this, the cost of delivery in India is estimated in the region of USD 25,000 (assuming USD 1,000 per day professional fees of the consultant and USD 200 per diem for board, lodging and travel within India) against a per country budget of over USD 55,000 (total budget USD 1,546,175 for 28 countries).

The cost details for the several e-trade tools and related materials (including online versions) developed under the project, cannot be determined precisely.

Effectiveness: 1 (Rating on a scale of 1 - 4)

Although the ITC document does not mention any specific targets, as per the information filled by the TSI in the data sheets, the outreach target was 95 enterprises, whereas the actual number covered so far is only 16. However, the TSI feels that the project objectives and targets are likely to be met, in the long-term.

ITC indicated that one of the tasks of the project was to provide assistance for the construction of a portal for the Handicrafts and Handloom Export Corporation of India. However, the national counterpart and the beneficiary enterprises did not mention this to the Evaluators. In any case, HHEC was unable to implement the suggestions for improvement of the E-trade portal. According to HHEC, the programme was not taken to its logical conclusion, and therefore has become outdated (in terms of technology, design and structure), with no relevance in today’s context. The portal is more like an e-

magazine, whereas in order to generate business, it should be dynamic and interactive, with a proper database, interface and links, etc. to enable query based trading.

Although the TSI feels that the project objectives and targets are likely to be met, it does not seem likely because the beneficiaries contacted during the field mission have not indicated any interest in e-trade.

The E-Trade portal maintained by HHEC has attained good visibility, but it has not achieved the objective of facilitating business transactions, as the site is yet to be made dynamic and interactive.

Impact: 1 (Rating on a scale of 1 - 4)

No effort has yet been made to measure the impact of the programme. However, the selected beneficiary enterprises were neither ready for nor interested in e-trade. They agreed to the meeting at the request of ITPO. None of the beneficiaries contacted are actually using e-trade for their exports.

HHEC maintains detailed statistics of portal usage by the beneficiaries, which shows that although the website has good audience visibility, the hits do not convert into business as the portal is static in nature and has an inadequate level of user interactivity. As a result, the site hits are very high compared to a dismal number of files transferred. To make it translate into business the site needs major revamping: it should be made user interactive and it should give information of the product online so that the buyers can take decisions for placing order/enquiry online.

For this, necessary modules have to be put in place:

- Centralised database server, which is updated on a regular basis.
- Reliable bandwidth for data transfer – approx 512kbps to 1mbps
- Interconnecting inter-organisation networks, i.e. suppliers, buyers and craftsman networks so that the processing time is minimised through the Internet pool. Also links to the courier companies' websites would enable the buyers to track the shipments online.
- Cost effective networking solutions at organisation levels.

The impact is likely to be negligible in view of the low priority accorded by beneficiary enterprises to e-readiness, as admitted by respondents. In its present form, the HHEC portal serves only a limited purpose of creating awareness, but it is not suited for facilitating business transactions.

Sustainability and Outreach: 1 (Rating on a scale of 1 - 4)

TSIs and beneficiaries were not optimistic as to an enhanced e-readiness in the foreseeable future. As a result, the sustainability is in doubt. Also, the concerned TSIs in

the garments and handicrafts sectors need to be involved in the process, to improve the outreach and sustainability of the approach.

Annex 4. Evaluation Matrices

PROJECT	Relevance	Efficiency	Effectiveness	Impact	Sustainability
Promoting exports of wood based handicrafts	The TSI considers ITC's intervention in the handicrafts sector as highly relevant for India as handicrafts is one of the priority areas identified by the Government of India, not only due to its potential for exports, but also because it provides meaningful livelihood opportunities for a large number of artisans.	<p>The programme was launched in 1995, focusing on capacity building in product design. However in 1997 a team of experts carried out a review of the project, and based on visits to various craft locations, and discussions with beneficiaries, it was decided to change the focus to technology up-grades & training, exposure to international markets.</p> <p>The outputs identified in the project document include three foreign training/exposure visits for Indian representatives, for which estimated total cost (US\$ 45,350 as per details below) far exceeds the total budget for the project.</p> <p>NGOs were involved in project implementation as part of the strategy to reach target beneficiaries.</p> <p>Therefore, the project went through some delays and saw discontinuities as per the TSI.</p>	<p>The objective of promoting exports of wood handicrafts could not be met because the artisans involved in handicrafts production do not have the basic facilities for production and quality control.</p> <p>However, there were some success stories at the enterprise level - two artisans have been able to upgrade their set-up to become full-fledged exporters, mainly due to the exposure gained through study tours and marketing missions organised under the project.</p>	<p>According to the TSI, there was no impact in terms of increase in exports of wood handicrafts aggregated at the sector level. Most of the end-users have been unable to utilize the benefit of TA from this project, as they do not have the requisite basic facilities for product design, production and quality control, nor access to credit.</p> <p>The benefits from this project could not be adequately realized due to factors beyond the scope of the project (access to finance, common facilities, etc which cannot be taken under ITC scope of assistance).</p>	<p>According to the TSI, although there are isolated success stories, the project's benefits cannot be sustained without substantial investments in 'common facilities'; most beneficiaries and clusters involved in the project do not have the basic facilities for production and quality control, including Common Facility Centres and Wood Seasoning Plants nor access to credit, and they lack marketing linkages at the industry level.</p>
Empowerment of rural	The stakeholders consider project to be highly	The stakeholders' are extremely appreciative of the	Overall, the project has attained its objectives	More than 2000 families have improved their	The partnering TSI, NGOs and beneficiary farmer

PROJECT	Relevance	Efficiency	Effectiveness	Impact	Sustainability
communities to export organic spices	<p>relevant because organic spices have a very good potential for exports, and the farming practices and the natural conditions in the selected locations were already close to requirements of organic certification.</p> <p>In fact, the project idea was initiated by the TSI in view of its relevance for the regions. The evaluators concur, as 'organic' cultivation not only opens up greater opportunities for exports, but also offers the potential for increase in direct income of producers, due to premium prices in the international market as well as reduction in production costs.</p> <p>However, the selection of one (Orissa) of the four locations seemed less appropriate for the products chosen in the intervention.</p>	<p>quality and timeliness of TA and other inputs provided by ITC at all stages of the project</p> <p>Capacity building of the TSI, capacity building of the four NGOs selected as implementing partners – one for each location, provision of international market information, meeting the requirements of organic certification of farms, etc.</p> <p>The TSI also finds ITC very responsive to beneficiary and TSI needs and very flexible in designing interventions to suit local requirements and adapt to local constraints.</p> <p>However, it is reliably learnt that the project did not perform as efficiently in one of the four districts (a district in East India), where the main counterpart did not have adequate control over the activities.</p>	<p>and has shown good results in terms of improvement in income levels and livelihood opportunities, capacity/skills development among TSIs, partnering NGOs and community organizations, and development of international market linkages. The following results have been achieved</p>	<p>skills and adopted organic farming methodologies</p> <p>Net incomes of farmers has increased due to reduction in production costs by about 15-20% through elimination of use of chemical fertilizers, pesticides etc.</p> <p>Significant increase in exports of organic spice, reaching US\$1.1 million in 2003, compared to US\$ 0.45 million in 1998. The participating NGOs account for 60% of this export value.</p> <p>Organic certification has opened up long term opportunities for exports at premium prices</p> <p>Spices Board has been able to introduce national standards for organic cultivation in several spices.</p>	<p>families are all committed to sustain the project. Also, the results of the project have clearly demonstrated a potential for sustainability on account of having identified highly appropriate products, interventions, and implementation partners.</p> <p>The project achieved an outreach to 2,160 farmer families against a target of 350, covering an area of 3,500 acres against 764 acres targeted.</p> <p>More farmers are joining the project on their own initiative, and Spices Board is replicating the project's activities in other neighbouring areas using its own development budgets.</p> <p>The experience from cultivation of thyme and rosemary in the Nilgiris, Tamil Nadu can be replicated in other land-scarce high altitude areas, including in mountainous states in India.</p>
Rating	3	3	3	4	4

PROJECT	Relevance	Efficiency	Effectiveness	Impact	Sustainability
E-trade bridge for SMEs	Despite the overall relevance, e-enabling of enterprises is a lower priority for Indian SMEs than other key issues such as supply side constraints, standards and technical barriers, and access to finance and export credit. The intervention may have been a bit premature, in this context.	The concerned TSIs in the selected sectors (Apparel Export Promotion Council) for garments and EPCH for handicrafts) were not involved in the process of selection of enterprises for development of best practice cases. The one-time nature of activities also does not provide a scope for follow-up interactions and mentoring, which is most essential for absorption of skills and capacities. However, improvements were suggested to the websites of several participants.	<p>Although the ITC document does not mention any specific targets, as per the information filled by the TSI in the data sheets, the outreach target was 95 enterprises, whereas the actual number covered so far is only 16.</p> <p>Although the TSI feels that the project objectives and targets are likely to be met, it does not seem likely because the beneficiaries contacted during the field mission have not indicated any interest in e-trade.</p> <p>The E-Trade portal maintained by HHEC has attained good visibility, but it has not achieved the objective of facilitating business transactions, as the site is yet to be made dynamic and interactive.</p>	No effort has been made yet to measure the impact of the programme. However, the selected beneficiary enterprises were neither ready for nor interested in e-trade. They agreed for the meeting at the request of ITPO. None of the beneficiaries contacted are actually using e-trade for their exports.	TSIs and beneficiaries were not optimistic as to an enhanced e-readiness in the foreseeable future. As a result, the sustainability is in doubt. Also, the concerned TSIs in the garments and handicrafts sectors need to be involved in the process, to improve the outreach and sustainability of the approach.

PROJECT	Relevance	Efficiency	Effectiveness	Impact	Sustainability
Rating	2	2	1	1	1
Dev. Of IPSM training and consultancy support capacities in ASEAN and South Asian countries	The Evaluators agree with the stakeholders about the relevance of ITC's MLS based IPSM training programme for India, in terms of good course material. However, it does not have formal recognition as a professional course or qualification for certain positions in the materials management function.	ITC inputs, in the form of training of trainers, course material, etc. have been provided in a timely manner, as envisaged in the programme design. However, there are high costs associated with administering the programme substantially from Geneva. These costs cannot be localized because the IPSM is a global programme. However, from the country point of view, the costs could be considerably lower if administered from India.	In the Evaluators' view, the interest in the programme seems to be higher among trainers/faculty than among working executives practicing materials management on their jobs. Only five of the centres meet ITC criteria for serving as examination centres, limited resources of the TSI do not allow immediate upgrading of the facilities, and also suitably qualified trainers are not available in all the locations.	So far about 150 participants have undertaken the full course since its inception in late 2001, which includes the initial pool of 33 trainers trained by ITC experts. However, high cost of the programme, low-key publicity and also practical constraints of the TSI in offering the product in all its locations have resulted in a limited impact of the project among the target beneficiaries.	The programme is basically self-sustaining, as the beneficiaries are required to pay for attending the course and receiving the certification. However, the programme outreach has been limited (150 participants, including the initial pool of 33 trainers, in about three years from its launch) due to high cost.
Rating	3	3	2	2	2

Field testing and PACkit training	The project is considered highly relevant, as there is no international regulation and/or standardisation in packaging. Every country has its own standards, which makes it difficult for SME exporters to keep track of and conform to various standards.	The selection of the implementing partner IIP is most appropriate. However, only one out of the four information booklets had been completed at the time of evaluation in June 2004. The programmes outputs have since been completed and are being printed in January 2005.	Too early	Too early	This is a one-time effort to produce the database, which would be made available to exporters as a priced publication and it is likely to be widely accepted. Major updates are not foreseen frequently. The most important factors for sustainability are adoption of the PACkit outputs by national/international bodies as (voluntary) industry standards or best practices, the wide dissemination by sector bodies/packaging institutions of these practices to exporters, and regular updating of the practices and standards through benchmarking. Large-scale follow-up activities will be required for ensuring the acceptance and actual application in commercial transactions, for which ITC itself may have to take the lead, and may be even formulate another suitable follow-up programme/ intervention.
Rating	4	2	(N/A)	(N/A)	(N/A)

Annex 5: Stakeholder Analysis by the Evaluators

Spices Board India is one of the National Commodity Boards. It was set up in 1987 by the merging of Cardamom Board and Spices Export Promotion Council; the Board has a national presence through 10 regional branches and 65 extension offices for effective transfer of technology. The major services provided to registered members are:

- Dissemination of market information;
- Trade delegations;
- Trade fair participation;
- Technology and process improvement support; and
- Organisation of World Spice Congress every other year.

The TSI has a total budget of about USD 6 million, of which 30% is generated internally and 70% is received as grants & subsidies from the Government of India. About two-thirds of its member organisations are SMEs.

The Spices Board was rated as the best export facilitation body in India by the Federation of Indian Export Organisations (FIEO) in 1999-2000, and maintains a regular contact with other TSIs, both Indian (IIP, IIPM, Indian Institute of Foreign Trade, FIEO) and international (UNDP, ITC, ASTA, ESA, JETRO). It also maintains linkages with NGO/farmer networks, and export support organisations.

The success of the Spices Board in the past three decades has been in large measure due to its having good executives in the senior most positions, who have been instrumental in developing the capacities and skills of the Board in discharging its responsibilities as India's apex organisation in spices research, production and trade development.

Office of Development Commissioner (Handicrafts) is a Government of India organisation (Ministry of Textiles), set up in 1952, to promote & develop handicrafts industry in India with the objective of creating employment in the rural sector and earning foreign exchange through exports.

All activities of DCH (Design & Technology Support, Marketing Support and Skills Upgradation) are funded by the Government of India, and delivered mostly through external agencies/consultants. However, the main responsibilities of DCH are related to administration and monitoring of various government schemes for promotion of the handicrafts sector and therefore the staff remains pre-occupied with procedural aspects of trade promotion. Its affiliate body, Export Promotion Council for Handicrafts (EPCH), is therefore more closely involved in the actual trade facilitation and development oriented activities, such as organising and participation in international trade fairs, product development, institutional capacity building, etc.

ITPO is a Government of India organisation, set up in 1992 after merging the erstwhile Trade Development Authority with the Trade Fair authority of India, which had been

established in 1975. ITPO is a major success story in showcasing excellence achieved by India in trade and commerce. It has acted as a catalyst for growth of India's trade by providing a wide spectrum of services to trade and industry. It is a member of Asia Trade Promotion Forum.

The major activities undertaken by ITPO relate to organising trade fairs in India and abroad, and disseminating trade information.

As the national counterpart of ITC in India, ITPO has been associated with ITC for four years, but this association has been on an ad hoc basis, for dissemination of ITC databases (information sources), and facilitation of ITC projects like E-Trade Bridge for SMEs. ITPO also undertakes preparation of Demand-Supply Studies on behalf of ITC.

ITPO is an effective organisation for trade promotion and information dissemination body. However, its mandate does not cover activities related to trade capacity development, competitiveness enhancement, organising rural/poor communities, etc.

IIP, an autonomous body under the Ministry of Commerce and Industry; it was established in 1966 to cater to the various needs of the package manufacturing and package user industries, both with regard to the domestic distribution and export market requirements. The Institute has its head office and principal laboratories at Mumbai, and regional testing and development laboratories at Calcutta, New Delhi and Chennai.

It offers the following services:

- Consultancy (Advisory visits, Package Development Service, Market and Economic Survey, Techno-Economic Feasibility Projects, Standardisation of export packaging).
- Education /training programmes in packaging technology.
- Testing and certification for exports.

IIP has a well-stocked library and data centre and undertakes publication of monographs & textbooks, directories, and periodicals.

IIP has not received any Government grants in the last three years and funds itself by internal revenue generation from services like export packaging certification, testing facilities, academic courses and conferences, etc. The major problem faced by IIP is a lack of resources for reaching out to small exporters.

It collaborates with national level industry bodies such as CII, FICCI, etc. as well as international bodies like World Packaging Organisation and Asian Packaging Federation.

IIMM was established in 1975 as a National apex body representing a wide spectrum of professionals engaged in various facets of Material Management, responsible for planning, sourcing, logistics & supply chain management.

Its main activities include conducting of Graduate and Post Graduate programmes in Materials Management, Logistics Management and Purchasing and Supply Chain Management.

IIMM is a member of national bodies such as ASSOCHAM and CHEMTECH. It is a Chartered Member of the International Federation of Purchasing and Materials Management, Vienna (Austria) and it has Dual membership of Chartered Institute of Purchasing and Supply, London, International Federation of Purchasing and Materials Management, Vienna (Austria), and National Association of Purchasing Management, USA.

Annex 6: List of Trade Promotion Offices and Trade Support Institutions

India has a well-established framework for trade support, both in the form of government bodies (including autonomous/quasi-government organisations) and stakeholder bodies such as chambers of commerce and industry, and regional and sectoral associations.

The following major types of organisations and agencies constitute the network of TSIs in India:

Government organisations

The Department of Commerce in the Ministry of Commerce and Industry is responsible for the country's external trade and all related matters, such as commercial relations with other countries, state trading, export promotional measures and the development and regulation of certain export oriented industries and commodities, and formulation of the import and export policy.

The Department of Commerce is supported by a number of autonomous bodies, advisory bodies and other attached/subordinate bodies.

a. Autonomous bodies

Commodity Boards – There are five statutory Commodity Boards, responsible for production, development and export of tea, coffee, rubber, spices and tobacco.

Export Inspection Council – Responsible for enforcement of quality control and compulsory pre-shipment inspection of various exportable commodities.

Indian Institute of Foreign Trade – Training of personnel in modern techniques of international trade; organisation of research in problems of foreign trade; organisation of marketing research, area surveys, commodity surveys, market surveys; and dissemination of information arising from its activities relating to research and market studies.)

IIP – Research on raw materials for the packaging industry, training programmes on packaging technology etc.

Marine Products Export Development Authority – Development of the marine products industry with special reference to exports.

Agricultural and Processed Food Products Export Development Authority – Focal point for agricultural and horticultural exports, including the export of processed foods in value added form.

Export Promotion Councils – There are at present ten Export Promotion Councils under the Department of Commerce and eight export promotion councils related to textile sector under the Ministry of Textiles. The Export Promotion Councils perform both advisory and executive functions.

Federation of Indian Export Organisations – Apex body of various export promotion organisations and institutions. Also provides integrated assistance to Government recognised Export/ Trading Houses and is the central co-ordinating agency in respect of export promotion efforts in the field of consultancy services.

Indian Council of Arbitration – Promotes arbitration as a means of settling commercial disputes, particularly in international trade

Indian Diamond Institute – Strengthening and improving the availability of trained manpower for the gems & jewellery industry. Gem Testing Lab (IDI-GTL) also certifies Coloured Stones & Diamond.

National Centre for Trade Information – Set up to synergize the efforts of different organisations engaged in collection, processing and dissemination of trade and investment information.

National Numbering Organisation (EAN-India) – Promotes Article Numbering, Bar Coding and EDI in Indian trade and industries.

ITPO is the nodal agency of Ministry of Commerce and Industry, providing a wide spectrum of services to trade and industry. It is responsible for promoting exports and imports and up gradation of technology, export development programmes and integrated marketing programmes for specific products in specific markets (particularly the less explored markets). ITPO also provides information and market intelligence to the business community in India, organises visits of overseas buyers and trade delegations to India.

b. Advisory bodies to Department of Commerce

Board of Trade – Provides a mechanism to maintain continuous dialogue with Trade and Industry in respect of major developments in the field of International Trade. Advises the Government on short and long term policy measures for preparation and implementation; reviews export performance of various sectors and suggests measures to be taken both by Government and industry/ trade; examines the existing institutional framework for exports and suggests practical measures for re-organisation/ streamlining; reviews the policy instruments, package of incentives and procedures for exports and suggest steps to rationalise and channel incentives to areas where they are most needed.

Export Promotion Board – Provides policy and infra-structural support through greater co-ordination among concerned Ministries for boosting the growth of exports.

c. Attached and Subordinate Offices

Directorate General of Foreign Trade – Responsible for execution of the Export-Import Policy of the Government for promotion of exports. In addition, work relating to issue of licences and monitoring of export obligations etc., is also looked after by this organisation.

Other important trade related attached/subordinate offices are:

Directorate General of Commercial Intelligence and Statistics (DGCIS), Export Processing Zones/SEZs, Directorate General of Anti Dumping and Allied Duties.

Bureau of Indian Standards (BIS) under the Ministry of Consumer Affairs, Food & Public Distribution and is responsible for formulation of standards and certification of products/systems. It serves as the national enquiry point for technical information under General Agreement on Tariffs and Trade.

Foreign Trade Division in the Department of Economic Affairs, Ministry of Finance, advises the Ministry of Commerce, especially from foreign exchange angle, on policies pertaining to Indian foreign trade including matters connected with WTO and various

multilateral trade blocks like SAARC, SAFTA, ASEAN etc. Matters connected with CIS countries, Colombo Plan, Indian Aid, African Development Bank and Petroleum (POL) Desks are also handled in this Division. The Department of Economic Affairs handles a large share of TRTA programmes in the country and also co-ordinates with donors and implementing agencies. Based on expertise and outreach, other agencies and institutions are co-opted in the needs assessment, design, and implementation of various TRTA projects.

Industry bodies

CII, FICCI and ASSOCHAM are the apex national level representative bodies of the industry.

The numerous regional/local and sector specific industry bodies are mostly affiliated with one or more of the national bodies. An illustrative list of regional/sector specific industry bodies is given below:

Food/Agri Sector

- Confederation of Food Trade and Industry, CIFTI
- All India Food Preservers' Association
- National Dairy Development Board
- India Sugar Mills Association
- All India Rice Exporters' Association

Textiles sector

- Textile Machinery Manufacture Association (India)
- Textiles Committee
- Synthetic and Silk Mills Research Association (SASMIRA)
- Association of Synthetic Fibre Industry
- The Indian Cotton Mills Federation
- Central Silk Board
- Central Wool Development Board
- Wool Research Association
- Ahmedabad Textile Mills Association
- The South India Textile Research Association (SITRA)
- Tirupur Exporters' Association
- Northern India Textile Research Association

Handicrafts sector

- Handicrafts & Handloom Export Corporation
- Jute Manufactures Development Council

- The North Eastern Handicrafts and Handloom Development Corporation Ltd.

Pharma/Biotechnology sector

- Indian Drugs Manufacturers' Association
- Indian Pharmaceutical Association

Engineering sector

- Indian Machine Tool Manufacturers' Association
- Automotive Component Manufacturers' Association of India (ACMA)

Electronics/ Software sector

- National Association of Software and Service Companies NASSCOM
- Electronic & Computer Software Export Promotion Council
- Electronic Component Industries Association

Civil Society

India has quite a range of NGOs, consumer interest groups, trade unions, advocacy organisations, think tanks, etc. There are several national level organisations carrying out research on trade and economic issues of national importance, and they are an important source of inputs/feedback for the policy makers. In addition, there are also a very large number of regional/local organisations engaged in advocacy, information dissemination, community mobilisation, etc. These organisations, while sometimes bordering on activism, play an important role in opinion building at the grass roots level.

Annex 7: Ongoing Trade Related Technical Assistance Programmes of International Organisations in India

The other international organisations active in India and their ongoing trade-related tech

European Union

EU-India Joint Initiative for Trade and Investment: Under this 'Joint Initiative' a team of European and Indian consulting companies have carried out general as well as sector specific studies (food processing, mechanical engineering, telecom, IT, energy, textile and clothing, biotechnology and financial services). Based on the results of the studies, the team developed a set of 'Joint Recommendations' that both Indian and European business associations (CII and FICCI in India, UNICE¹⁹ in Europe) formally put to the political leadership. The EU-India Summit is now an annual event (held alternately in India and Europe) and is attended by top leadership from both sides, as well as business delegations from selected sectors.

The Joint Initiative also published a Guidebook for European Investors in India. EU-India Trade and Investment Development Programme is a EUR 14 million TA programme that will focus on fields as certification, upgrading of Indian food laboratories' testing facilities, sanitary and phyto-sanitary standards, investment facilitation, intellectual property rights and customs procedures.

United Nations Conference on Trade and Development

UNCTAD is presently implementing a DFID funded five-year project 'Preparedness and Strategies for Trade and Globalisation in India'. The project seeks to assist negotiators and policy makers, in enhancing understanding of the development and pro-poor dimension of key trade issues relating to the Doha work programme. Component II of the programme, initiated in August 2004, aims to strengthen human and institutional capacities among stakeholders, as well as foster a policy environment that will support and sustain a more equitable process of globalisation. Component II will facilitate building capacities on trade competitiveness in selected sectors/regions. DFID has earmarked a total funding support of British Pound Sterling 9 million for the project, which appears unlikely to be spent fully based on the current progress of implementation. In addition to the DFID funded project, UNCTAD has also undertaken a couple of short-term awareness programmes on Trade Related Intellectual Property Rights and one on strengthening of capacities for trade.

United Nations Industrial Development Organisation

Currently, UNIDO is implementing a project in India aimed at developing capabilities at both the local and the national levels, and to promote SSI networking and cluster development. This is done by:

¹⁹ Union of Industrial and Employers' Confederations of Europe.

- Assessing the competitiveness and organisation of SSI clusters.
- Assisting the clusters' actors (suppliers of raw materials, plant & machinery, buyers of SSI goods and services, testing laboratories and research agencies, industrial associations, training institutions, local government, financial institutions) in developing a common vision of what their cluster can achieve in national as well as international markets.
- Building up (through training, workshops and study tours), the capacity of cluster actors to implement such a vision.
- Providing advisory services at the policy level.

The project was initiated in four clusters on a pilot basis (Jaipur, Pune, Tirupur and Ludhiana) and later extended to three more in Ambur, Bangalore and Ahmedabad.

Annex 8: Structure of Small or Medium-sized Enterprise Sector in India

There are around 3.2 million registered SSI sector units in India, which account for around 95% of the industrial units, 40% of the manufacturing sector output, 36% of direct exports and provide direct employment to over 18 million persons. The SSI sector has a significant presence in some of the major export sectors for India, namely textiles & garments, automotive components, handicrafts & handloom products, etc.

The SSI sector in India is non-homogenous in structure and includes diverse types of production units ranging from traditional crafts to high-tech industries. Within the SSI sector, an important role is played by the numerous clusters that have been in existence for decades. According to a UNIDO survey in 1996, there were 350 SSI clusters and approximately 2,000 rural and artisan based clusters in India.

The majority of the Indian SSI units face constraints like lack of access to credit, technological obsolescence, relatively poor product quality, information deficiencies, poor market linkages and inadequate management systems. Moreover, with the Indian economy on the path of liberalisation, even the better performing SSI units are increasingly feeling the international competitive pressure.

Annex 9: List of Contacts**Trade Support Institutions**

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