



# Policy Report

## Opportunities for India's Participation in Global Value Chains



**The Asia Foundation**  
Improving Lives. Expanding Opportunities

# About the Project

The Asia Foundation, with support from the US Embassy's PAS office conducted a 30-month project titled 'Think Tank Engagement on Indo-Pacific Issues'. The project's goal was to support India, through policy recommendations to make India a thriving hub for economic activity and support a thriving global value chain.

The project engaged a wide spectrum of stakeholders to unpack the challenges and opportunities for India's economic integration including government representatives, industry experts, policymakers, think tanks, business chambers, and academia. The project developed three policy briefs focused on identifying actionable recommendations to improve India's economic integration. '**Global Supply Chains and Trade Facilitation: Identifying the Contours of India's Approach**' authored by Dr. Amitendu Palit, '**Women's Inclusion in India's Trade Ecosystem: From Talk to Action**' authored by Ms. Nikita Singla and '**Intellectual Property Rights in Global Value Chains: The State of Play in India**' authored by Mr. Arpan Banerjee.

# Background

The Indo-Pacific has attracted significant attention from policymakers, the private sector and development sector partners, as a region well placed for India to expand its trade and economic partnerships. However, there are key legal, policy and operational aspects that need to be reviewed and adjusted to enable India to be a critical player in the Global Value Chain (GVC).

The topic holds its relevance with the recent emphasis by countries and multilateral institutions on the importance of restructuring strong and resilient supply chains especially after the global disruptions faced as a consequence of the pandemic. With the rise of globalization and technological advancements, Global Value Chains have become an integral part of the global economy, and countries that are well-integrated into these chains tend to experience faster economic growth and development. By participating in GVCs, India can benefit from greater access to new markets, technology, and skills, which can help enhance its competitiveness and increase exports. Additionally, integrating into GVCs can help India attract more foreign investment and create more jobs in the country. India has made significant progress in this area in recent years, particularly in the information technology (IT) and services sectors, but there is still potential for further integration into GVCs, particularly in manufacturing and other sectors. Thus, understanding the opportunities for India's participation in GVCs is essential for policymakers, businesses, and investors seeking to leverage India's potential in the global economy.

# Key Actionable Recommendations:

This brief synthesizes the recommendations from three policy briefs that focused on 'Global Supply Chains and Trade Facilitation: Identifying the Contours of India's Approach' authored by Dr. Amitendu Palit, 'Women's Inclusion in India's Trade Ecosystem: From Talk to Action' authored by Ms. Nikita Singla and 'Intellectual Property Rights in Global Value Chains: The State of Play in India' authored by Mr. Arpan Banerjee.

The insights in this brief also draw from the high-level discussions at the national convening held in March 2023. The recommendations outline important pathways for informing the policy discourse and advocating for improving India's economic integration in the Global Value Chains in the Indo-Pacific region.

## Trade Facilitation

### 1. Continued efforts to meet the objectives of the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA).

It is crucial to continue adhering to the TFA's targets and objectives. The analysis in the brief on Trade Facilitation shows that there is a need for reforms to simplify processes. Across all the different supply chains, cutting red tape and regulatory bottlenecks at the borders is essential to accelerate the flow of commodities. Border expenditures will decrease, and Indian firms' global competitiveness will increase, if the objectives of the TFA are actively met.

### 2. Redefining 'trade facilitation' to be more than cutting costs at the borders.

From a trade facilitation perspective, the concerns over breakdowns in supply chains has necessitated new thinking and therefore trade facilitation can no longer be limited to reductions in cost of moving goods across borders. All reforms aimed at streamlining procedures should also focus on improving the resilience of supply chains. Indeed, the post-COVID-19 circumstances reiterate that cost-saving efforts intending to simplify procedures cannot be mutually exclusive to those being ushered in to protect supply chains. Both sets of measures need to work in tandem.

### 3. Digitalization of both internal and external processes.

At India's land and sea borders, digitalization has reduced delay in procedural compliances successfully. A wide spectrum of domestic logistical operations must also be digitalized similarly to achieve equivalent gains. Additionally, trade facilitation must complement national, international, and regional institutional initiatives intended to promote international e-commerce. At a time when the complete digital transformation of business processes and services is a global and national priority, such a trade facilitation strategy would allow Indian businesses to maintain operational connectivity with their foreign counterparts (i.e., vendors, clients, suppliers) across all supply chains.

### 4. Deeper engagement with rule-making coalitions.

India is engaging with various multi-country initiatives on regulation and management of global supply chains. The most notable ones in this regard are the Indo-Pacific Economic Framework for Prosperity (IPEF) and the Supply Chain Resilience Initiative (SCRI). From an Indian vantage point, working with supply chain-focused country coalitions is essential for creating a TFA plus approach to trade facilitation. These coalitions are multi-lateral and regional spaces for rulemaking outside of the WTO. Engaging in rulemaking in these spaces will enable India to pursue an effective TFA plus strategy focused on supply chains by complementing its ongoing work in TFA with that outside of it.

## 5. Improving systemic and structural land ports infrastructure.

Land ports play a crucial role to improve the connectivity and trade with India's neighboring countries, and there is a need to create modern infrastructure and software processes at the land ports to make transiting the borders more comfortable and efficient for traders and passengers. The development of land ports is a collaborative effort that involves multiple stakeholders and international organizations, and there is a need for close cooperation with neighboring countries to set up similar standards and integrate the processes. The implementation of gender positivity in the trade facilitation process is a challenge, especially in marginalized locations such as the land borders, and needs more effort.

# Gender Mainstreaming

## 1. Collection and digitization of gender-disaggregated data.

The Directorate General of Systems and Data Management (DG Systems), an office attached to the Central Board of Indirect Taxes and Customs (CBIC), has limited data that is disaggregated by gender at the firm level. To ensure gender-responsive and inclusive policy making, DG Systems can collect gender-disaggregated data at the firm level, that is publicly available, to assess the impact on women engaged in trade. Private sector actors, particularly those engaged in developing efficient digital solutions, can help the DG Systems create a database of digital transactions undertaken by women entrepreneurs.

## 2. Improve skilling, training and mentoring of women entrepreneurs.

To support women's transition to higher levels in the trade value chain, particularly women in the North-Eastern states engaged in agriculture and spices, more emphasis needs to be placed on improving their capacity in marketing and distribution, including leveraging e-commerce platforms. Creating and promoting women's trade associations can facilitate women's participation in trade. To expand cross-border trade, capacity development and awareness workshops can be organized through India-Bangladesh Border Haats and in agricultural trade through active access to Agricultural Produce Market Committee (APMC) mandis.

## 3. Make financial and trade Institutions more gender-responsive.

Training on financial inclusion for women entrepreneurs can expand their access to credit and financial services. Equally important is to reduce the financing gaps by making financial institutions more gender-sensitive. Such gender-responsive reforms in trade institutions can be facilitated by enhancing participation of women in regular trade interaction forums, through the Permanent Trade Facilitation Committee (PTFC) and Customs Clearance Facility Committee (CCFC) and All Women Customs Brokers Associations. Women engaged in trade should also be apprised of new leveller initiatives such as Faceless Assessment in Customs.

## 4. Pursue high-level trade policy reforms.

India's trade policies need to be reformed to incorporate gender-specific provisions, which can be done through Foreign Trade Policy (FTP), ongoing negotiations for bilateral FTAs, and through support in multilateral forums. There is also a need to eliminate gender-related tariff differentials. As per the World Bank report on India titled 'Women and Trade - The Role of Trade in Promoting Gender Equality', products produced largely by women face on average six-percentage-point higher tariffs than products produced largely by men in export markets. Female workers, particularly in developing economies, are affected by stubbornly high tariffs on agricultural goods. Similarly, textiles, which are subject to higher tariffs than similar manufactured goods, strike a double blow against women as both the biggest consumers and the most frequent workers in the sector.

## 5. Reduce the barriers to women's participation in work and trade through inclusive policies and investments.

Policies that address the barriers that women face in engaging in the workforce should be actively implemented and scaled, particularly investments to address the care burden faced by women. At the institutional level, prioritizing gender budgeting across different departments and ministries, as well as enhancing the capacity of gender cells in these departments can help reform women's participation in the workforce, particularly in trade.

# Intellectual Property Rights

## Long-term Measures

### 1. Promotion of Research and Development (R&D).

To improve the standards of R&D in India, the Government of India can expand the budgetary allocations. The ownership of Intellectual Property (IP) in government-funded inventions in India should be outlined in a comprehensive structure. Partnerships with international academic institutions and businesses ought to be encouraged to create patentable and commercially viable inventions. In the long-term, this will have a significant bearing on India's economic productivity and GVC integration.

### 2. Formulation of a central coordination body on IP enforcement.

Currently, state police authorities are responsible for enforcing criminal laws, including infringement of IP rights. To address infringement of IP and protect rights holders, a national-level, centralized body needs to be set up that can coordinate with state-level enforcement agencies and direct the rights owners to the appropriate police departments and law enforcement agencies. Members of such a committee could come from various ministries and central departments. These measures will benefit rights holders and the Intellectual Property Rights (IPR) ecosystem, which will facilitate ease of doing business.

### 3. Amendments and revamping existing IPR laws.

It is necessary to conduct a thorough evaluation of India's current IPR laws and recommend amendments where necessary, particularly complicated concerns involving online IPR infringement.

### 4. Judicial Reforms.

The long duration of civil and criminal trials, particularly the latter, is a significant issue for rights holders in India. To solve the issue, reforms are required to clear pending cases, appoint more judges, establish specialized IPR benches, sensitize judges, and promote arbitration options wherever feasible.

## Short and Medium-term Measures

### 1. Reforms at the IPR office.

An increase in the number of patent and trademark examiners, controllers, and registrars will reduce the waiting time and make processing applications quicker. Legal professionals may be given contractual positions as a temporary fix to fill openings. In addition to the appointment of patent and trademark examiners, controllers, and registrars, training and capacity-building programs should be undertaken in collaboration with counterpart IPR officials abroad. Such actions will enhance India's overall innovation ecosystem.

### 2. Formulation of inter-ministerial committee on IPR enforcement.

An inter-ministerial group, composed of representatives from pertinent ministries, can be established to aid rights owners as a prelude to the establishment of a Centralized Coordination Body on IPR Enforcement. Any such committee can be established without the need for legislation or financial support for infrastructure.

### 3. Formulating trade secrets legislation.

A stand-alone trade secrets bill can be considered for submission to the Parliament by the Indian government. The integration of principles previously acknowledged by Indian courts in circumstances involving breach of confidence and violation of contract can serve as the starting point for such a bill. A trade secrets law can give investors clarity and assurance that it would significantly improve the ease of doing business.



**The Asia Foundation**  
Improving Lives. Expanding Opportunities.