A Study on Indian Gloves Market

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Glossary

AIIMS	All India Institute of Medical Sciences
ACC	Associated Cement Corporation
AFMC	Armed Forces Medical Services
APTA	Asia Pacific Trade Agreement
BFSI	Banking, Financial Services & Insurance
BHEL	Bharat Heavy Electricals Ltd
BPCL	Bharat Petroleum Corporation Ltd
BCM	Billion Cubic Metres
B2B	Business to Business
CPPP	Central Public Procurement Portal
CEP	Certificate of Suitability
CAGR	Compounded Annual Growth Rate
CIF	Cost, Insurance & Freight
CTH	Change in Tariff Heading
DGAFMS	Directorate General of Armed Forces Medical Services
DSC	Digital Signature Certificate
EMC	Electronic Manufacturing Cluster
EU	European Union
FMC	Facility Management Companies
FMCG	Fast Moving Consumer Goods
FDI	Foreign Direct Investment
GAIL	Gas Authority of India
GTE	Global Tender Enquiry
GMP	Good Manufacturing Practices
GST	Goods & Services Tax
GeM	Government Electronic Marketplace
GDP	Gross Domestic Product
HS	Harmonized System
HTS	Harmonized Tariff Schedule
HINDALCO	Hindustan Aluminium Company
HPCL	Hindustan Petroleum Corporation Ltd
IHTC	International Harmonized Tariff Code
IOC	Indian Oil Corporation
IT	Information Technology
ITES	Information Technology Enabled Services
IGST	Integrated Goods & Services Tax
JNPT	Jawaharlal Nehru Port Trust
LTE	Limited Tender Enquiry
LNG	Liquified Natural Gas
MFN	Most Favoured Nation
MSME	Micro Small & Medium Enterprises
MMT	Million Metric Tons
MMTPA	Million Metric Tons Per Annum
MNC	Multi National Corporation

MMR	Mumbai Metropolitan Region
NCR	National Capital Region
NDA	National Democratic Alliance
NR	Natural Rubber
ONGC	Oil and Natural Gas Commission
OIL	Oil India Ltd
OTE	Open Tender Enquiry
PPE	Personal Protective Equipment
PQB	Pre-Qualification Bidding
PAC	Proprietary Article Certificate
R & D	Research and Development
RVC	Regional Value Content
SAFTA	South Asia Free Trade Area
SAPTA	SAARC Preferential Trade Agreement
STE	Single Tender Enquiry
SLTE	Special Limited Tender Enquiry
SOPs	Standard Office Procedures
SAIL	Steel Authority of India Ltd
TGA	Therapeutic Goods Administration
US	United States
USFDA	United States Food & Drug Administration
WHO	World Health Organization
WTO	World Trade Organization

1. Introduction

Background

This study has been commissioned by the Sri Lanka Export Development Board (SLEDB), 42, Navam Mawatha, Colombo – 2. Sri Lanka.

IGEP Consult Pvt Limited, a consultancy based in Gurgaon, India, has been appointed to undertake the study

Objectives

To identify potential areas of business for Sri Lankan rubber glove manufacturers in various Indian sectors with regard to the following:

- Principle factors driving the growth of the market
- Competition
- Regulatory and other barriers
- Trends in the market
- Key factors and challenges in the market

The results of the study would enable the users to take strategic decisions as to:

- Evaluation of specific business opportunities for Sri Lankan companies in the Indian market
- Selection of appropriate products, market segments and channels
- Selection of an appropriate business and marketing strategy for introducing their products in India

Coverage and Methodology

The coverage of the report is a per the terms of reference provided by SLEDB, covering the following aspects specifically related to the glove market in India.

- Market structure and supply chain
- Key geographical usage segments
- Regulatory environment
- Barriers for growth
- Market Trends

The study is based on a mix of secondary and primary research. For compiling information and data, government websites, company websites and other specific sources have been used.

Secondary Research

- Sector / Company specific details
- Compilation of import-export statistics
- Compilation of information with regard relevant Government policies, technical standards, regulations, etc
- Identification of key competitors in each segment

The main sources of secondary information have been

- Govt. of India websites regarding relevant regulations and policies
- Company websites
- Industry reports available in the public domain (Print media, internet, etc.)
- Imports and export statistics from the Dept. of Commerce, Govt. of India

Primary Research

Primary research involved interviewing and personal consultations of key persons, in the government, academic, industry and trade bodies. The consultations also involved validating specific information available with us.

Approximately 150 telephone calls were also made to various companies to receive specific information with regard the industry.

A list of names, addresses and contact number of some of the important persons contacted is enclosed as Annexure I in the end of the report.

2. Executive Summary

The India – Sri Lanka Free Trade Agreement (ISFTA) was signed in December 1998 and operationalized in March 2000. Being the first attempt to promote trade liberalization in South Asia, it has resulted in substantial growth in trade between the two countries.

From $ 685.15 million in 2000-01, the combined trade volume for both countries has reached $ 5.24 billion in 2017-18. The free trade agreement has therefore been a key instrument to enhance bilateral trade between both countries.

Table 1 - India-Sri Lanka Trade Volume (US $ Mill.)

	2000-01	2017-18
Sri Lanka's Exports to India	45.01	772.63
India's Exports to Sri Lanka	640.14	4476.46
Total ➔	685.15	5249.09

*Source – Dept. of Commerce, Govt. of India

India is the 3rd largest destination for Sri Lanka exports (after the US and the UK) and the 2nd largest exporter to Sri Lanka (after China) as per World Bank statistics in 2016[1].

Approximately over 70% of Sri Lanka's exports to India comes under the ISFTA, while India's exports to Sri Lanka under the ISFTA is around 25%.

India and Sri Lanka are also members of other regional and multilateral trading arrangements such as Asia Pacific Trade Agreement (APTA), South Asia Free Trade Agreement (SAFTA) under SAARC and BIMSTEC (Bay of Bengal Initiative for Multicultural Technical and Economic Cooperation). A major aspect of the growth of exports under the free trade agreement has been the broader product diversification of Sri Lankan exports to India, especially value-added products.

One of the export products from Sri Lanka which has strong prospects for growth in the Indian market is rubber gloves. Sri Lanka is today one of the top 3 exporters of rubber gloves to India comprising of surgical (HS 401511), examination (HS 401519) and industrial (HS 611610) gloves. Since the ISLFTA came into force, rubber glove exports from Sri Lanka has grown significantly as shown in Table 2 below.

Table 2 - Sri Lankan Glove Exports to India (US $ Mill.)

Glove Category	2000-01	2017-18
HS 401511 (Surgical)	0.13	6.33
HS 401519 (Examination)	0.03	2.85
HS 611610 (Industrial)	0.02	1.13
Total ➔	0.18	10.31

* Source – Dept. of Commerce, Govt. of India

[1] Source – World Bank Statistics - https://wits.worldbank.org

The focus of this study is confined to the gloves of the categories HS 401511 (surgical), HS 401519 (examination) and HS 611610 (industrial).

Section 3 of this report studies the existing market channels for gloves in India as well as details of the various consuming segments for gloves. It also covers key competitors present in the market.

Section 4 gives details of the import/export statistics of gloves in India. It contains the export figures of the top exporting countries to India and the percentage share of Sri Lanka in each of the three glove segments. The trends in the Indian glove export market is covered in Section 5.

Government regulations including prevailing import duties and taxes for glove imports are detailed in Section 6. Factors effecting growth of glove exports to India are covered in Section 7.

The product quality standards and Non-Tariff Measures pertaining to the glove segment in India are dealt in Section 8. Details of Government procurement processes are covered in Section 9.

The various geographical segments pertaining to the glove market is covered extensively in Section 10. It includes the core potential segments for surgical, examination, household and industrial gloves.

Notes and suggestions on the potential to tap international buying/sourcing agencies in India to assist Sri Lankan glove exporters are covered in Section 11.

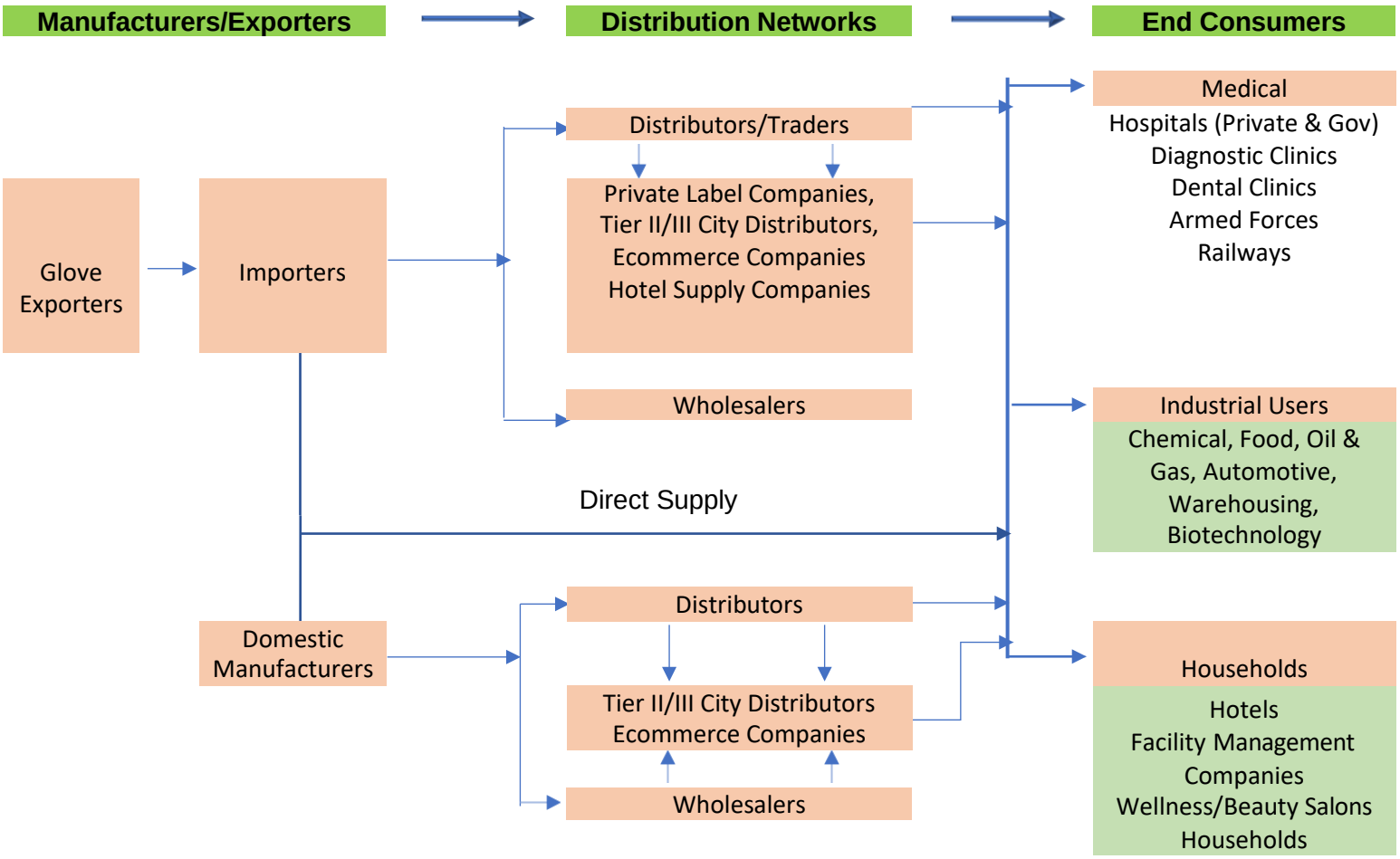
The report indicates that Sri Lanka gloves exports to India have grown steadily over the past few years. However, despite the competitive landscape, Sri Lankan exporters have not attained a market share commensurate with their potential. To increase sales, especially in the promising North Indian market, additional marketing efforts are necessary. Key recommendations to consolidate and strengthen the market position of Sri Lankan gloves in the Indian market are given in Section 12 of this report.

3. Market Channels and Market Segments for Medical (surgical, examination), Household and Industrial Gloves

Market Channels for Gloves (Surgical, Examination & Industrial) in India

The market channels/supply chain for gloves in India is illustrated in Fig. 1 below.

Figure 1 - Supply Chain for Gloves (Medical, Examination & Industrial) in India



* Graphics – IGEP Consult

The supply chain of the glove import, distribution and supply consists of a network of importers, distributors, sub-distributors and wholesalers. The major stock point for imported gloves are in Mumbai and Delhi and to a smaller extent in Chennai. For the North Indian market, the medical supply wholesale market is the Chandni Chowk market, which has been operating for many years. It can be considered the focal point

for supply to distributors for various regions not only to the North Indian States but also to the regions in Central and Easter parts of India. For the Western regions of Gujarat and Maharashtra, Mumbai acts as the hub.

Local manufacturers of gloves have their own distribution channels in various regions. Some of these distributors may be exclusive distributors for their brands. Private labelling is also getting popular. Many importers/distributors supply their own private label brands with imported gloves.

E-commerce emerging as a new distribution layer: A new trend visible in the last few years has been the emergence of several e-commerce companies selling gloves online in India. For example various types of gloves can be purchased online from the sites of Amazon (www.amazon.in), Flipkart (www.flipkart.com), Industry Buying (www.industrybuying.com) element14 (https://in.element14.com), vwr (https://in.vwr.com), ESP (www.easysparepart.com), Cole-Parmer (www.coleparmer.in), Alif Mart (www.alifmart.com), SecureKart (www.securekart.in), Moglix (www.moglix.com), PinkBlue (www.pinkblue.in) to name a few.

Supply of gloves to the government hospitals, Indian armed forces, railways and other public sector companies are done through tenders advertised in central e-procurement site - www.eprocure.gov.in as well in their individual material management websites.

Market Segments by Application

Surgical & Medical Examination Gloves

Market Size: The size of the Indian medical (surgical + examination) gloves market is estimated to be approx. $ 423 million in 2017 [2].

Growth Rate: India is expected to be the fastest growing country in the Asia-Pacific disposable medical gloves market with a CAGR of 10.6% during 2017-2023[3].

The major market segments are as follows:

a) Private Hospitals (Chains and Standalone): They are the most important consumers of surgical and medical examination gloves. Until the early 1980s, government run hospitals and those operated by charitable organizations were the main providers of hospital care in India. However, in the 1980s and onwards the healthcare sector saw a great deal of private investment in setting up hospitals and nursing homes and which had a corporate style of functioning. These private hospitals invested in the latest equipment and technologies and revolutionized the health care infrastructure in India. The private sector is also credited with bringing to India the super-specialty service in medical treatment in India. There are more than 30 major private chain hospitals in India. They initially started operating in the

[2] As per MREPC Report / IGEP estimates
[3] Source – www.rubberjournalasia.com

main cities such as New Delhi, Mumbai, Chennai, Hyderabad and Bangalore. Today, they are expanding to smaller Tier I and II cities across India.

There is no definitive statistics with regards to total number of private hospitals and clinics in India. One can put the figure at approx. 15000 – 20000 (including the smaller private clinics).

b) Government Hospitals (including Medical Colleges/Post Graduate Training Centres): There are 381 Government Medical Colleges and Advanced Post Graduate Medical Training Centres in India. These function not only as training centres for doctors, nurses and other para-medical personnel but also operate as hospitals for the people. Many of these institutes such as the All India Institute of Medical Sciences (AIIMS) have very advanced medical equipment.

   The Indian Government also operates 14,379 hospitals. Out of these 11054 are in rural areas while 3325 are in urban areas.

   The All India Institute of Medical Sciences (AIIMS) is a group of super specialty medical education institutes set up by the Indian government. Currently, there are a total of nine AIIMS across the country including the first one in New Delhi, which was set up in 1956. The other eight are in Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur, Rishikesh, Nagpur and Guntur respectively. The AIIMS institutes operate as autonomous and independent organizations though financed by the government. The Indian government has sanctioned the setting up of an additional 22 AIIMS in various other Indian states. The cost of establishing them is expected to be over $ 2 billion.

   The procurement of equipment and medical supplies (including gloves) in government hospitals and institutes is done through a centralized tendering process through an e-procurement portal – www.eprocure.gov.in. This is the Indian Government's Central Public Procurement Portal. The tenders can also be seen in the individual website of all leading Govt. hospitals. The eProcurement System of India enables suppliers of goods and services to download the tender schedule free of cost and then submit the bids online through this portal.

   Indian states procure medical supplies for their health systems through their own procurement agencies, although they may also receive funding from the national government.

c) Indian Armed Forces (Military Hospitals): The Armed Forces Medical Services (AFMS) is responsible to provide medical support to the Indian armed forces. The AFMS provides comprehensive health care to serving armed forces personnel, their families and dependents numbering approximately 1.5 million and medical stores for approximately 2.7 million military veterans. The Directorate General of Armed Forces Medical Services (DGAFMS) is the controlling authority of AMFS. One of its primary functions is provisioning, procurement and storage of expandable (drugs and consumables) and non-expandable (equipment) stores

required for medical treatment. The procurement of and maintenance of medical equipment for all hospitals and constant up-gradation is done centrally by DGAFMS.

AFMS has a wide network of Regimental Aid Posts manned by doctors across the country. These are supported by a fleet of 87 state-of-the-art Field Ambulances, which are mobile hospitals with a capacity of 45 beds each. Besides the facilities available in combat zones, the AFMS has 130 hospitals of varying sizes in different parts of the country including 8 major command/army hospitals which possess world class equipment and facilities.

The DG-2 Group of DGAFMS deals with the provisioning and procurement of medical stores and equipment for all the branches of the armed forces including Navy, Air Force, Army, Border Security Force, Defence armaments production establishments, etc. The procurement is done through a centralized system

d) Diagnostic Laboratories: India has around 100,000 diagnostic laboratories, which include pathology laboratories and radiology centres. However, less than 1 % of this $ 5 billion market segment are accredited as this is mainly an un-organized segment. However, in recent years a few leading organized chains have emerged. Thyrocare is the largest chain in India with 1122 testing centres. SRL Diagnostics, Metropolis and Dr. Lal Pathlabs are the other leading pathology labs in India with 280, 240 and 160 labs respectively.

e) Dental Clinics: There are about 180000 dental professionals, 5000 dental laboratories and 297 dental institutes in India. The dental market is growing at a much faster pace than any other medical segment in India. The size of the Indian dental market is estimated to be about $ 2 billion and growing at a rate of 20 % annually. Sensing the opportunity, multispecialty hospital chains are now offering general dentistry and specialist dental treatments in addition to their regular business. Almost 99% of the dental market in India is private. Most practices in India are independent qualified dentists operating solo or small family groups. Several large hospital players such as Apollo Group, Wockhardt and Fortis Healthcare are setting up a chain of dental clinics to tap into this rapidly growing dental market. It is estimated that over 90% of the dentists work in and around major cities. Clove Dental, with 120 clinics, is the largest dental treatment chain in India. Axiss Dental, Apollo White Dental and Mydentist are some of the other large dental clinic chains.

f) Pharmaceutical & Bio-Pharma Industry: The Indian pharmaceutical and bio-pharma industries are major consumers of disposable and examination gloves.

- India is among the top six global pharmaceutical producers in the world. Presently there are 10,500 manufacturing units and over 3,000 pharmaceutical companies in India.

- India has about 1,400 WHO GMP[4] approved manufacturing units. India has been accredited with approximately 1,105 CEPs[5], more than 950 TGA approvals and 584 sites approved by the USFDA.
- Globally more than 90 per cent of formulations approvals for Anti-retroviral (ARVs), Anti-tubercular & Anti-malarial (WHO pre-qualified) have been granted to India.

g) Indian Railways: The Indian Railways also procures medical, examination and industrial gloves. This is done through their own material management department websites as well as the central government e-procurement portal.

Industrial Gloves

The Indian Industrial Gloves segment comes under the overall Indian Personal Protective Equipment (PPE) market. According to a report by RedSeer Management Consulting Pvt Ltd about 40 % of the Indian PPE market comes under the un-organized sector[6]. In the glove (hand protection) category however, nearly 60 % of the market is un-organized.

Market Size: As per estimates, the size of the Indian organized industrial glove market is approx. $ 108 million in 2017[7].

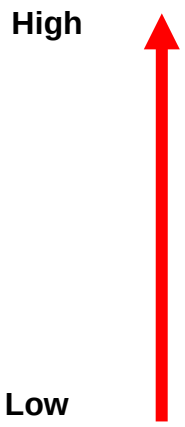
Growth Rate: Industry analysts forecast the personal protective equipment market in India to grow at a CAGR of 13.29% during the period 2017-2021[8].

PPE Market in India: The market for personal protective equipment including safety gloves is still developing in India. This is because of a general lack of awareness of workforce health and safety in many sectors. Another reason is that a large part of Indian industry continues to be unorganized in nature. Companies and units in the unorganized sector do not follow internationally accepted best practices in terms of work safety. Safety measures have been largely flouted leading to very high accident rates. But changes, albeit slowly are taking place in many industrial sectors. For example, the Indian stone mining and quarrying sector exports stones (granite, marble, etc.) to various countries. Due to pressure from international buyers to adopt stringent internationally accepted working norms, there is now an awareness generated with regard to workers' safety. The mining sector has also seen a gradual shift to automation and introduction of high technology processing machines which makes it mandatory for operators to wear personal protection equipment including safety hand gloves. This trend is also visible in the Indian construction sector. India is investing heavily to improve its logistics and transportation sector. Several cities in

[4] WHO-GMP – World Health Organization – Good Manufacturing Processes
[5] CEP – Certificate of Suitability
[6] Definition of Un-Organized Sector in India – "consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers"
[7] As per RedSeer Report / IGEP estimates
[8] Source -https://chemicalreport24.com

India are developing urban mass transport systems such as the metro rail. This has involved utilizing high technology underground drilling. International construction and building consortiums involved in these projects have introduced international safety best practices. Workers in these projects are well equipped with the necessary protection including hand gloves.

Major Segments for Industrial Gloves in India by usage



Industrial Sector Safety Glove Usage
Pharmaceutical / Bio-Pharma
Automotive & Automotive Components
Petroleum Oil & Gas
Chemical
Railways
Electronics
Steel / Metal
Food Processing (Export Units)
Construction
Unorganized metal fabrication units

Glove Usage Patterns in various Industrial Sectors: The usage of industrial safety gloves is high in pharmaceutical/bio-pharma and the automotive and automotive component sectors. These are strong exporting sectors and therefore mandatorily follow stringent international safety standards. The usage is also strong in the oil and gas exploration, production and distribution segments as well as in the chemical industry due to inherent risks associated with these segments. They therefore, adhere to stringent safety protocols. These are also sectors with a strong MNC presence and therefore follow international Standard Office Procedures (SOPs) which are generally adopted uniformly across the industry. In the steel/metal, food processing and construction sectors, usage of safety gloves is strongest in the organized part of these segments. In the unorganized part the usage patterns are lower. For example. In the steel/metal sector, among the organized primary producers such as Tata, Jindal, Hindalco, the usage of industrial gloves is high while in the downstream secondary steel or metal sector, usage patterns decline. In the food processing sector, export-oriented units have high usage patterns to confirm with international phytosanitary standard requirements. The usage of safety gloves in the food processing is also high among the MNCs such as Nestle, Hindustan Lever, etc. The usage falls for mid-sized or small-scale food processing plants catering primarily to the domestic Indian market. The usage pattern of gloves also varies in the Indian construction sector, which is one of the biggest consumers of industrial gloves. Usage is high in projects where international construction consortiums (such as in the city metro railway projects) are

present or where EPC contractors of high reputation for safety standards such as Larsen & Toubro, Shapporji Pallonji, GMR, etc are present.

Upcoming Segments: The warehousing and electronics manufacturing segments in India are expected to see strong consumption of industrial gloves in the foreseeable future.

Household Gloves

The growth of the household glove (cleaning, janitorial) segment in India is being driven largely by the hospitality, specialized facility management companies (FMCs) and the in-house cleaning departments of various companies and buildings.

Competitors in Glove Segment

Major Industrial Glove Competitors in India

Company	Website
International Companies	
3M	www.3mindia.in
Honeywell	www.honeywellsafety.com
Dupont	www.dupont.co.in
Kimberley Clark Professional	https://www.kcprofessional.co.in
Lindström	https://lindstromgroup.com
Bennett Safetywear	www.bennettsafetywear.co.uk
Midas Safety	www.midassafety.com
Indian Companies	
Karam Industries	www.karam.in
Armstrong Products	www.armstrongproducts.co.in
Marvel Gloves	www.marvelgloves.com
Udyogi	www.udyogisafety.com
Pioneer Tools	www.pioneersafety.com
Venus Safety & Health	www.venusohs.com
Joseph Leslie	www.josephleslie.com
Acknit Industries Ltd.	www.acknitindia.com

*IGEP Analysis

Major Surgical/Examination Glove Competitors in India

Company	Website
International Companies	
Top Glove	www.topglove.com
Hartalega	www.hartalega.com.my
A1 Glove	www.a1glove.com
Biomax Rubber Industries	www.biomaxcorporation.com
Riverstone Resources	www.riverstone.com.my
Supermax Corporation	www.supermax.com.my
YTY Group	www.ytygroup.com.my
Indian Companies	
Jyoti Enterprises	www.jyotienterprise.com
Kanam Latex	www.kanamlatex.com
RFB Latex	www.rfblatex.com
MRK Healthcare	www.nulife.co.in
Sutures India	www.suturesin.com
Unik Surgicals	www.uniksurgicals.com
ASMA Rubber Products	www.asmaglove.com
St. Mary's Rubbers Pvt Ltd.	www.medismartglove.com

*IGEP Analysis

In addition to the above table of surgical and examination glove companies, there are approximately 200 smaller companies in the MSME[9] sector who produce and distribute rubber gloves in India. MSME companies get preference in many central and state government hospitals and other establishments.

Indian Glove Production

Quantity and Value

Table 3 - Production of Gloves - Category & Value in India (2017)

Type of Glove	Million Pairs	Value (US $)
Surgical - Sterile	486	111
Surgical - Non-Sterile	441	100
Latex Examination - Powdered	305	70
Latex Examination - Powder Free	169	38
Synthetic / Nitrile	147	33
Others (Vinyl & Other Industrial Gloves)	184	99
Total ➔	1732	451

* Based on MREPC, RedSeer Consulting reports and IGEP estimates

[9] MSME-Micro, Small & Medium Enterprises

Nature of Indian Glove Production and Major Competencies

The major competency of Indian glove production is mainly centred around the production of natural rubber (NR) based surgical / examination gloves and leather based gloves for industrial and sports usage.

Kerala state is the major centre for rubber-based glove production while Kolkata (West Bengal) in Eastern India is the major centre for the production of leather gloves.

Table 4- Surgical / Examination Glove Production in India

Major Companies	Type of Gloves Produced	Outlook
1. Kanam Latex Industries Pvt Ltd. www.kanamlatex.com 2. Asma Rubber Products Pvt Ltd. www.asmaglove.com 3. Kurian Abraham Private Limited www.ooppoottil.com 4. St. Mary's Rubber www.stmarysrubber.com 5. Primus Gloves www.primusgloves.com 6. Safeshield India www.safeshieldindia.net 7. RFB Latex www.rfblatex.com 8. MRK Healthcare Pvt Ltd www.nulife.co.in In addition to the above large companies there are approx. 200 smaller companies manufacturing surgical gloves in India. These companies come under the MSME (Micro, Small and Medium Enterprises) category.	Indian companies produced mainly the following types of gloves: • Sterile Powder Free Latex Surgical Gloves • Sterile Powdered Latex Surgical Gloves • Sterile Powder Free Latex Examination Gloves • Sterile Powdered Latex Examination Gloves In addition to the above categories the following types are also produced by some of the companies: • Nitrile Examination Gloves • Vinyl Examination Gloves • Elbow Length Gynaecology gloves • Neoprene	Advantages: 1. Strong linkage with Indian hospital purchase networks 2. Able to offer lower prices than imported products Disadvantages: 1. Not able to meet growing domestic demand 2. Rubber production in India declining due to climate change factors. As a result, many Indian companies are dependent on imported rubber for which import duties are higher. 3. Many Indian companies operate with wafer thin margins. As a result many small scale companies are not able to modernize and expand their operations.

Table 5 - Industrial Glove Production in India

Major Companies	Type of Gloves Produced	Outlook
1. MAK Global Exports www.makglobal.in 2. Udyogi www.udyogisafety.com 3. Industrial Safety Products Pvt Ltd. www.ispgloves.com 4. Reliance Leather www.industrialleathergloves.com 5. Dolphin Leathers www.dolphinleathers.com 6. Balaji Impex Pvt Ltd www.balajigloves.com 7. Ghosh Exports Pvt. Ltd. www.ghoshexports.com 8. Joseph Leslie & Company www.josephleslie.com 9. Vinit Gloves www.vinitgloves.com	The type of glove produced are: 1. Heat Resistant gloves 2. Welding gloves 3. Driving gloves 4. Cut resistant gloves 5. Canadian gloves The leather glove manufacturing cluster in Kolkata manufacturers mainly gloves of the Tariff Codes (IHTC) 420321 (leather gloves specially for sports) and 420329 (gloves for other uses). The leather glove sector in Kolkata is mainly an export-oriented sector with more than 50 – 60 % of the production being exported. India exported leather gloves worth $ 4.24 million of tariff code 420321 and $ 218.68 million of the tariff code 420329 in the year 2017-18.	The leather glove industry in India has a capacity of 52 million pairs annually. The outlook is positive for the industry. The recent trade dispute between the US and China (one of the largest exporters) is expected to benefit Indian leather exporters as the US may divert some orders from China to India.

4. Import / Export Statistics of Rubber Gloves to India

Data of India's Imports during the last 5 Years

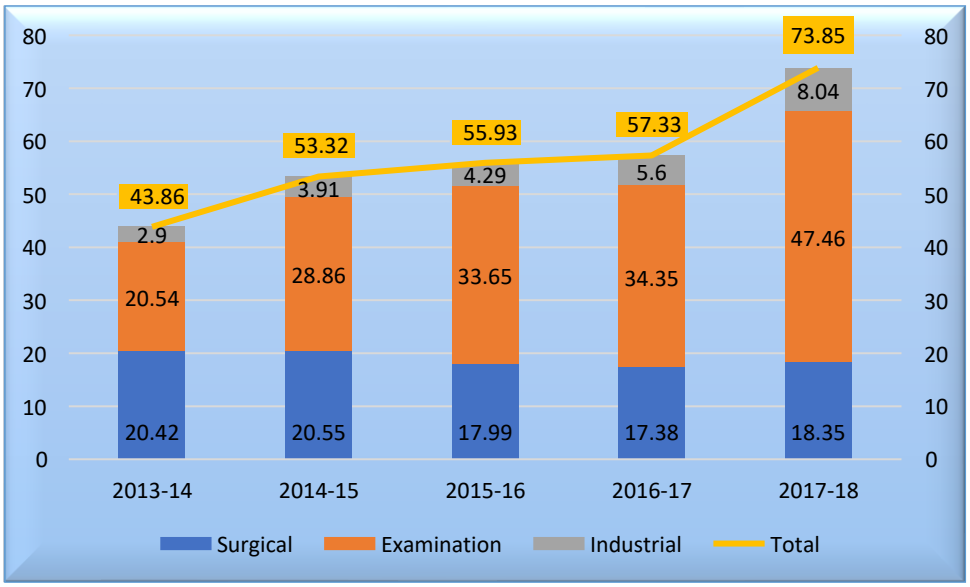
According to the data of the Dept. of Commerce, Govt of India, India imported gloves (of all categories) worth $ 73.85 million in the year 2017-18. This was a 28.81 % increase over the previous year. Table 3 and Figure 2 below show the import data for the past 5 years.

Table 6 - Imports to India during the last 5 Years (US $ Mill.)

Glove Type		Year				
HS Code	**Type**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
401511	Surgical	20.42	20.55	17.99	17.38	18.35
401519	Examination	20.54	28.86	33.65	34.35	47.46
611610	Industrial	2.90	3.91	4.29	5.60	8.04
	Total ➔	43.86	53.32	55.93	57.33	73.85

*Source – Dept. of Commerce, Govt. of India

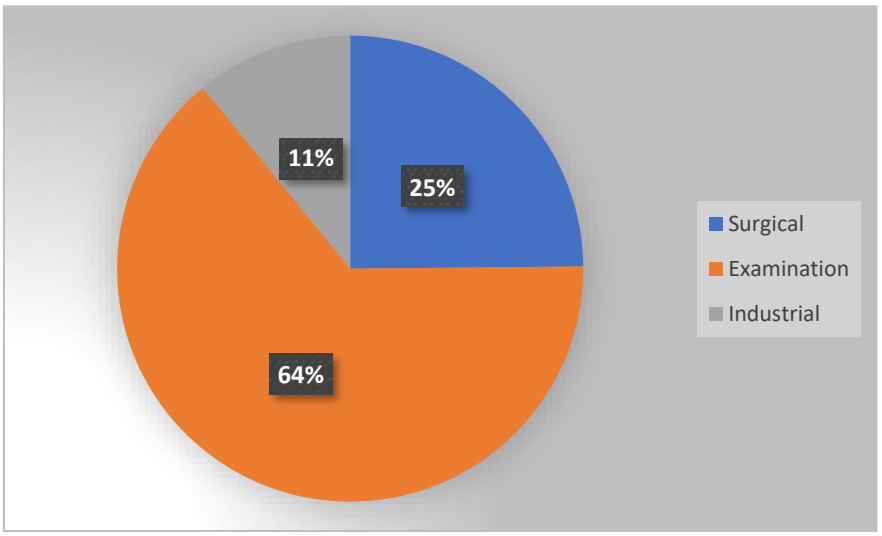
Figure 2- Imports of Rubber Gloves to India during the last 5 Years (US $ Mill.)



*Source – Dept. of Commerce, Govt. of India

Examination gloves constituted 64 % of the total export market of gloves to India. This was followed by surgical gloves at 25 % and industrial gloves at 11 %. The share of each category is depicted in Figure 3 below.

Figure 3 - Share of the Glove Export Market to India by Category (2017-18)



Data of India's Exports during the last 5 Years

India exported gloves worth $ 55.86 million in the year 2017-18. Category wise, surgical gloves consisted of the bulk of India's exports with a share of 58.78 %. The shares of industrial examination gloves were 26.81 % and 14.47 % respectively. Table 2 below shows the category wise exports of gloves from India during the past 5 years.

India's exports gloves mainly to Africa, Middle East, Eastern European countries and CIS[10] countries. India does not have any significant presence in any major international market.

Table 7 - Exports from India during the last 5 Years (US $ Mill.)

Glove Type		Year				
HS Code	**Type**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
401511	Surgical	29.16	28.22	25.70	26.95	32.84
401519	Examination	6.49	7.22	5.47	8.05	8.04
611610	Industrial	11.60	11.26	10.41	11.65	14.98
	Total →	47.25	46.7	41.58	46.65	55.86

*Source – Dept. of Commerce, Govt. of India

[10] CIS – Commonwealth of Independent States

Category Wise Export Statistics of Gloves to India

Malaysia, Sri Lanka and Thailand were the 3 top exports of surgical and examination gloves to India. Table 5 & 6 below shows their export figures to India during the past 5 years and Sri Lanka's market share.

Table 8 - Top Surgical Glove (HS 401511) Exporting Countries to India (US $ Mill.)

Year	Country			Others	Total	% Share of Sri Lanka
	Malaysia No 1	Sri Lanka No 2	Thailand No 3			
2013-14[11]	14.09	4.26	1.40	0.67	20.42	20.86
2014-15	12.33	5.05	2.21	0.96	20.55	24.57
2015-16	11.61	5.06	0.31*	1.01	17.99	28.12
2016-17	10.42	5.25	0.84	0.87	17.38	30.20
2017-18	9.75	6.33	1.02	1.25	18.35	34.49

* In 2015-16, Indonesia temporarily displaced Thailand as the No 3 exporter with $ 0.91 Mill. Exports to India that year. Source – Dept. of Commerce, Govt. of India

Table 9 – Top Examination Glove (HS 401519) Exporting Countries to India (US $ Mill.)

Year	Country			Others	Total	% Share of Sri Lanka
	Malaysia No 1	Thailand No 2	Sri Lanka No 3			
2013-14	11.87	2.09	4*	2.58	20.54	19.47
2014-15	19.3	3.2	2.91	3.45	28.86	10.08
2015-16	24.36	3.11	2.6	3.58	33.65	7.72
2016-17	23.81	4.74	3.18	2.62	34.35	9.25
2017-18	31.41	10.07	2.85	3.13	47.46	6.00

* In 2013-14, Sri Lanka was the No 2 exporter to India. Source – Dept. of Commerce, Govt. of India

China and Sri Lanka are the major exporters of industrial gloves to India. Table 7 & 8 below shows their respective exports and Sri Lanka's share during the past 5 years.

Table 10 - Top Industrial Glove (HS 611610) Exporting Countries to India (US $ Mill.)

Year	Country			Others	Total
	China No 1	No 2	No 3		
2013-14	1.55	(BD)0.71	(PK)0.25	0.39	2.9
2014-15	2.43	(PK)0.54	(BD)0.41	0.53	3.91
2015-16	3.09	(PK)0.34	(BD)0.32	0.54	4.29
2016-17	3.97	(SL)0.42	(BD)0.4	0.81	5.6
2017-18	5.8	(SL)1.13	(BD)0.42	0.69	8.04

*BD – Bangladesh, PK – Pakistan, SL – Sri Lanka. Source – Dept. of Commerce, Govt. of India

[11] The Indian financial year is from April 1 to March 31

Table 11 - Industrial Glove (HS 611610) Exports from Sri Lanka to India & Market Share (US $ Mill.)

Year	Exports from Sri Lanka	Total from all Countries	% Share of Sri Lanka
2013-14	0.16	2.9	5.51
2014-15	0.34	3.91	8.69
2015-16	0.17	4.29	3.96
2016-17	0.42	5.6	7.5
2017-18	1.13	8.04	14.05

*Source – Dept. of Commerce, Govt. of India

5. Latest Trends in the Indian Export Market

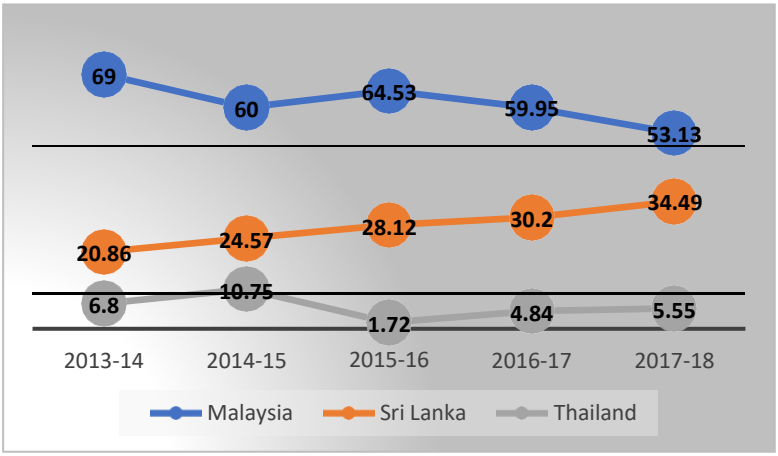
Trends in Country-wise Exports to India

a) In the surgical glove (401511) category, Malaysia, Sri Lanka and Thailand have been the dominant exporting countries to India for the past 5 years. While Sri Lanka's market share has steadily climbed from 20.86 % in 2013-14 to 34.49 % in 2017-18, Malaysia's share has declined from a dominant 69 % in 2013-14 to 53.13 % in 2017-18. Thailand's share was almost 11 % in 2014-15 but has come down to 5.5 % in 2017-18. Fig. 4 below indicates the trend in market share of the 3 leading exporting countries to India for surgical gloves.

Figure 4- Market Share of Top 3 Exporters of Surgical Gloves to India (%)

Percentage Share of Top 3 Exporters

Year	Malaysia	Sri Lanka	Thailand
2013-14	69	20.86	6.8
2014-15	60	24.57	10.75
2015-16	64.53	28.12	1.72
2016-17	59.95	30.2	4.84
2017-18	53.13	34.49	5.55



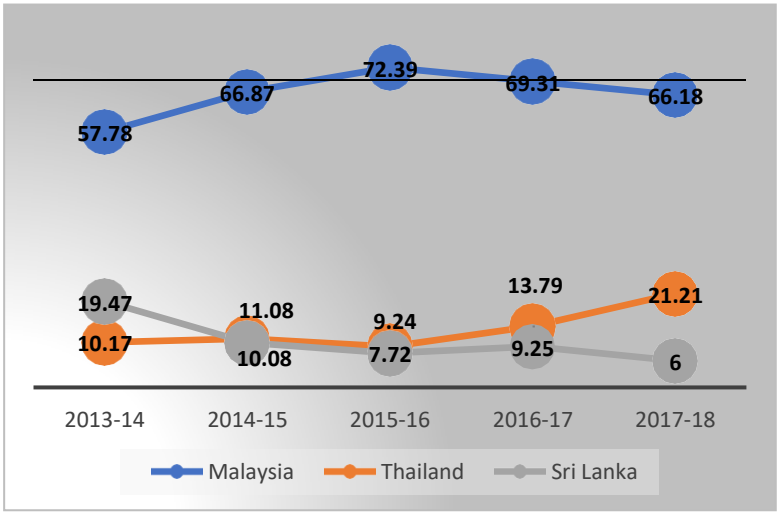
* IGEP Analysis

b) In the examination (HS 401519) category, Malaysia once again occupies the 1st position while Thailand comes 2nd followed by Sri Lanka in the 3rd position. As can be seen in Fig 5 below, Malaysia has strengthened her position from 57.78 % market share in 2013-14 to 66.18 % in 2017-18. Similarly, Thailand has also improved her position from 10.17 % to 21.21 % during this period. Sri Lanka's share has considerable declined during the past 5 years from almost 20 % in 2013-14 to 6 % in 2017-18.

Figure 5 - Market Share of Top 3 Exporters of Examination Gloves to India (%)

Percentage Share of Top 3 Exporters

Year	Malaysia	Thailand	Sri Lanka
2013-14	57.78	10.17	19.47
2014-15	66.87	11.08	10.08
2015-16	72.39	9.24	7.72
2016-17	69.31	13.79	9.25
2017-18	66.18	21.21	6



* IGEP Analysis

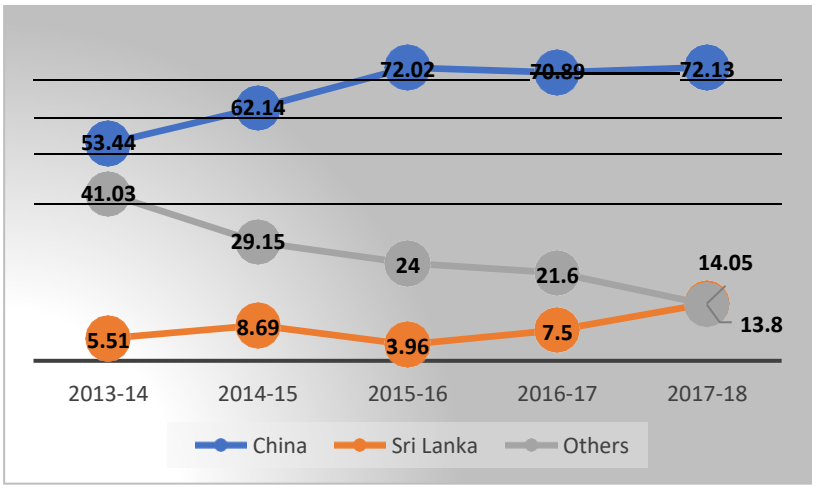
c) In the Industrial glove (HS 611610) category, China is the leading exporter to India. It has strengthened its position from a market share of 53.44 % in 2013-14 to 72.13 % in 2017-18. Sri Lanka has been occupying the 2nd position for the past 2 years and has improved its share steadily during the past 5 years. From a market share of 5.51 % in 2013-14, it has increased it to 14.05 % in 2017-18. For the first time in 2017-18, Sri Lanka's total export of industrial gloves to India surpassed all other countries except China. Bangladesh and Pakistan are the other leading exporters to India during the past 5 years.

Figure 6 - Market Share of Leading Industrial Glove Exporters to India (%)

Percentage Share of Top 3 Exporters

Year	China	Sri Lanka	Others*
2013-14	53.44	5.51	41.03
2014-15	62.14	8.69	29.15
2015-16	72.02	3.96	24
2016-17	70.89	7.5	21.6
2017-18	72.13	14.05	13.8

* Including Bangladesh & Pakistan



* IGEP Analysis

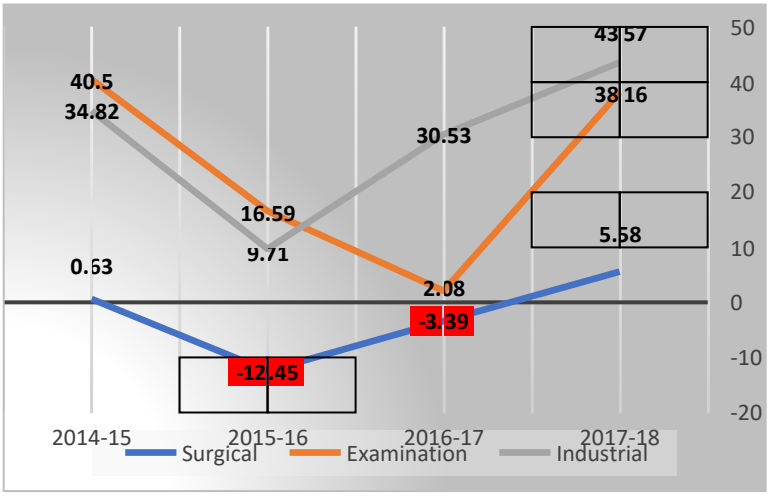
Trends in Growth Rate in Indian Glove Imports

Year	Total Imports ($ Mill.)	% Rate of Growth
2013-14	43.86	
2014-15	53.32	21.56
2015-16	55.93	4.89
2016-17	57.33	2.5
2017-18	73.85	28.81

The data of the previous 5 years indicate that there has been a steady increase in import growth rates of rubber gloves into India. The previous year has seen a strong overall import growth of 28.81 % of all categories combined. This can be attributed to the strong import growth of both examination and industrial glove categories due to growing demand in the Indian market. Surgical gloves imports have declined over the past 4 years, though it is showing signs of revival in the previous year. The decline can be attributed to intensive price competition by domestic Indian manufacturers.

Figure 7 - Percentage (%) Growth Rate of Glove Imports to India (Last 4 Years)

Year	Surgical	Exam.	Industrial
2014-15	0.63	40.5	34.82
2015-16	-12.45	16.59	9.71
2016-17	-3.39	2.08	30.53
2017-18	5.58	38.16	43.57



* IGEP Analysis

a) There has been a decline in the imports of surgical gloves in India during the past 4 years. In the years 2015-16 and 2016-17, surgical glove imports declined by -12.45 and -3.39 % respectively. However, in the previous year growth once again picked up and registered an upward growth rate of 5.58 %.

b) The examination glove sector has seen strong import growth during the past 4 years. In the years 2014-15 and 2017-18, this category recording a growth of more than 35 %. In the year 2016-17, the growth was sluggish at around 2.08

% only. This can be attributed to the demonetization of currency notes[12] (Rs. 500 & 1000 notes) carried out by the Indian government on Nov 8, 2016. This caused a major disruption in the Indian economy and led to many business enterprises short of cash to carry out regular transactions. As a result, many Indian importers may have cancelled their orders. However, the revival of exports to India in the previous year shows that the Indian market has recovered.

c) The data for industrial glove imports (as shown in Fig. 7 above) show strong growth during the past 4 years. Expect for the year 2015-16 when the growth was 9.71 %, the other 3 years has recorded an > 30 % growth rate. In the previous year, growth rate was a strong 43.57 %.

Trends in Supply Chain

E-commerce is emerging as a new distribution layer in the supply chain of gloves. A new trend visible in the last few years has been the emergence of several e-commerce companies selling gloves online in India. For example various types of gloves can be purchased online from the sites of Amazon (www.amazon.in), Flipkart (www.flipkart.com), Industry Buying (www.industrybuying.com) element14 (https://in.element14.com), vwr (https://in.vwr.com), ESP (www.easysparepart.com), Cole-Parmer (www.coleparmer.in), Alif Mart (www.alifmart.com), SecureKart (www.securekart.in) and Moglix (www.moglix.com).

Trends in Type of Glove Usage

Nitrile gloves usage increasing: Natural rubber gloves continue to have a strong usage in the Indian medical sector. However, there is now a perceptible shift towards the use of nitrile gloves in many analytical laboratories and clean rooms of many companies. This trend is strongly visible in the pharmaceutical sector. This is because, the Indian pharmaceutical exports maintain a strong link to the US and European markets through exports of generic drugs. Any changes there in terms of regulatory compliances is quickly adopted here in order to safeguard their exports.

[12] On 8 November 2016, the Govt of India announced the demonetisation of all ₹ 500 and ₹ 1000 banknotes. The government claimed that the action would curtail the shadow economy and crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement and the prolonged cash shortages in the weeks that followed created significant disruption throughout the economy, threatening economic output.

6. Government Regulations, Import Duties & Taxes

Government Policies with Regard Imports of Gloves

Gloves can be imported freely into India without restrictions under Open General License (OGL). Any importer with an Import Export Code (IEC) can import gloves to India upon payment of the relevant custom duties.

Prevailing Import Duties & Taxes for Gloves

6.2.1 MFN Tariff Rates for HS 401511, HS 401519 & HS 611610 Tariff Lines

401511 – Articles of Apparel and Clothing accessories (including gloves, mittens and mitts) for all purposes, of vulcanised rubber other than hard rubber: gloves, mittens and mitts: Surgical				
Category	**Details**	**Duty Rate (%)**	**Value (Rs.)**	**Calculation**
A	Assessable Value of Imports (or CIF value)		100*	
B	Basic Customs Duty	10	7	Under Preferential Notification 050/2018-A503, a reduction of 30 % on basic duty is given
C	Social Welfare Cess	10 % of B	0.70	B * 10 /100
D	IGST	18	19.38	(A+B+C) *18 / 100
E	Total Duty Payable		27.08	
		Value of Imports ➔	127.08	

* Notional Value **Source – www.icegate.gov.in (Min. of Finance, Govt. of India)

401519 – Articles of Apparel and Clothing accessories (including gloves, mittens and mitts) for all purposes, of vulcanised rubber other than hard rubber: gloves, mittens and mitts: Other				
Category	**Details**	**Duty Rate (%)**	**Value (Rs.)**	**Calculation**
A	Assessable Value of Imports (or CIF value)		100*	
B	Basic Customs Duty	10	7	Under Preferential Notification 050/2018-A503, a reduction of 30 % on basic duty is given
C	Social Welfare Cess	10 % of B	0.70	B * 10 /100
D	IGST	18	19.38	(A+B+C) *18 / 100
E	Total Duty Payable		27.08	
		Value of Imports ➔	127.08	

* Notional Value **Source – www.icegate.gov.in (Min. of Finance, Govt. of India)

HS 611610 – Gloves, Mittens and Mitts, Knitted or Crocheted: Impregnated, coated or covered with plastics or rubber				
Category	**Details**	**Duty Rate (%)**	**Value (Rs.)**	**Calculation**
A	Assessable Value of Imports (or CIF value)		100*	
B	Basic Customs Duty	25	25	
C	Social Welfare Cess	10 % of B	2.5	B * 10 /100
D	IGST	12	15.30	(A+B+C) *12 / 100
E	Total Duty Payable		42.80	
	Value of Imports		142.80	

* Notional Value **Source – www.icegate.gov.in (Min. of Finance, Govt. of India)

Definitions of Duty Terms

IGST

IGST (Integrated Goods & Services Tax) – IGST was introduced from July 1, 2017 when the Indian government rolled out the nation-wide Goods & Services Tax (GST). GST is a uniform tax applicable throughout India and subsumes all the state level and national level taxes that were prevailing prior to July 1, 2017.

IGST replaces the earlier CVD (Countervailing Duty) and SAD (Special Additional Duty) which was imposed earlier.

IGST is an intermediary tax mainly on B2B (Business to Business) transactions. IGST is levied by the Indian Central Government on inter-state supplies (including stock transfers) of goods and services.

Import of goods is treated as inter-state supplies and would therefore be subject to IGST in addition to the applicable custom duties.

Social Welfare Surcharge

The Social Welfare Surcharge was introduced from Feb 2, 2018 and replaces the education cess and secondary and higher education cess which was imposed earlier.

MFN

Most Favoured Nation

Tariffs Under Various Trade Agreements - APTA/SAFTA/ISLFTA/SAPTA

Duty Concessions Under Various Trade Agreements	HS 401511	HS 401519	HS 611610
MFN Basic Duty Tariff (%)	10	10	25
APTA Preferential Tariff	7	7	No Preference
APTA Preferential Rules of Origin	45 % RVC*	45 % RVC*	Not Applicable
SAFTA Preferential Tariff	5	5	No Preference
SAFTA Preferential Rules of Origin	CTH + 40 % RVC**	CTH + 40 % RVC**	Not Applicable
ISLFTA Preferential Tariff	0	0	0
ISLFTA Preferential Rules of Origin	CTH + 35 % RVC***	CTH + 35 % RVC***	CTH + 35 % RVC***
SAPTA Preferential Tariff	5	5	No Preference
SAPTA Preferential Rules of Origin	40 % RVC****	40 % RVC****	Not Applicable

* Source – Indian Trade Portal – www.indiantradeportal.in (Dept. of Commerce), Govt. of India (As of 6.7.2018)

* As Per Annexure II – Rule of Origin for the Asia Pacific Trade Agreement – See Link http://files.indiantradeportal.in/download.aspx?file=docs/RoO/India_APTA_RoO1.pdf

** As per Notification No - 75/2006 - Customs (N.T.) dated June 30, 2006 – See Link http://files.indiantradeportal.in/download.aspx?file=docs/RoO/SAFTA_RoO.pdf

*** As per Rules of Origin – India Sri Lanka Free Trade Agreement – See Link - http://files.indiantradeportal.in/download.aspx?file=docs/RoO/India_SriLanka_(ISFTA)_RoO.pdf

**** As per Annexure III of SAPTA – SAPTA Rules of Origin – See Link - http://files.indiantradeportal.in/download.aspx?file=uploads/SPSTBT/docs/roo/SAPTA_RoO.pdf

Abbreviations

- MFN – Most Favoured Nation
- APTA – Asia Pacific Trade Agreement
- SAFTA – South Asian Free Trade Area
- ISLFTA – India Sri Lanka Free Trade Agreement
- SAPTA – SAARC Preferential Trade Arrangement

Definitions

RVC – Regional Value Content - A percentage that indicates to what extent a good is produced in the producer's local region.

CTH – Change in Tariff Heading – indicates that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 4-digit level (i.e. a change in heading) of the Harmonized System

Benefits Under Various Trade Agreements – SAFTA/ISLFTA/SAPTA/APTA

a) For products 401511 & 401519

for surgical and examination gloves, to avail 0 duty under India Sri Lanka Free Trade Agreement, the rules of origin require

- If products are wholly produced in Sri Lanka then full duty benefits can be availed.
- In case imported raw materials are used, then the Regional Value Content should not be less than 35 %. Additionally, HS Codes of the imported raw materials and the finished products should be different at 4-digit level. (Change of Tariff Heading (CTH) criteria)

If these conditions are fulfilled, then the ISLFTA option is best. Otherwise the best option would be under SAPTA (with 5 % basic duty), where the rules of origin rules stipulate only a 40 % RVC content requirement.

b) For product 611610

There are no benefits for industrial gloves (611610) under any trade agreements except under ISLFTA. If 0 duty benefit is to be availed under the FTA then the rules of origin stipulate that

- If products are wholly produced in Sri Lanka then full duty benefits can be availed. i.e. if the buyer can provide documents to avail ISLFTA Preferential Tariff, then the duty rate is zero (0).
- In case imported raw materials are used, then the Regional Value Content should not be less than 35 %. Additionally, HS Codes of the imported raw materials and the finished products should be different at 4-digit level. (Change of Tariff Heading (CTH) criteria)
- If the product is imported under Most Favoured Nation (MFN) route (without documents related to country of origin to get duty reduction), then the duty rate is 25 %.
- The Federation of Indian Export Organizations (FIEO), which falls under the Ministry of Commerce, Govt. of India maintains the official portal – www.indiantradeportal.in which gives information about the import duty rates under various trade agreements. The rates have been received from the customs department who receive regular notifications.

Short Description of Goods & Services Tax (GST)

The Goods and Services Tax (GST) was introduced in India from July 1, 2017. The GST is an indirect tax (or consumption tax) levied on the supply of goods and services, at the point of purchase or consumption. It is a uniform tax applicable throughout India similar to the Value Added Tax (VAT) system prevalent in many countries.

Three are five tax GST slabs for collection of tax - 0%, 5%, 12%,18% and 28%. However, petroleum products, alcoholic drinks, electricity, and real estate still remain outside the GST ambit and are instead taxed separately by the Central and individual state governments, as per the previous tax regime.

For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government.

The single GST has subsumed several central and state level taxes and levies such as central excise duty, services tax, additional customs duty, surcharges, state-level value added tax and Octroi[13].

As a result of the implementation of the GST, the price of a good remains the same throughout the country. In the past, state governments could impose their own taxes and levies which distorted the prices.

This can therefore be considered a positive step for imported products also as they will no longer be subjected to different taxes and levies imposed at varying degrees from state to state.

Registration for GST Number: A foreign company that supplies goods and/or services to recipients in India, but who has no fixed place of business or residence in India are mandatorily required to obtain GST registration. This is required for example, if the foreign company registers themselves as suppliers / vendors in Indian hospitals or government organizations.

[13] Octroi – A tax levied when a good enters a city or town

7. Factors affecting Glove Exports to India

Imposition of Arbitrary Non-Tariff Measures

In August 2018, the Indian government suddenly announced doubling of the import duty on 328 textile products from the existing 10 % to 20 %. The duty has been imposed on a range of tariff lines from Chapter 50 to 63 (HTS[14]). This included the glove category falling under tariff code 611610.

According to finance ministry sources, the move came after the recommendation from the textile ministry, which had said that local manufacturing was suffering due to cheaper imports from China and other neighbouring countries. It was also stated that the recommendation for duty hike on textile products to up to 20 per cent will be compatible with World Trade Organization (WTO) rules.

Weakening Indian Rupee vs US Dollar

The Indian Rupee has been depreciating steadily against the US $ during the past few months. The Rupee breached the 70 mark for the first time when on Aug 14, 2018, it fell to a record low of 70.09 vs the US $. The Rupee has depreciated by 9.7 % since Jan 1, 2018. The reasons for the depreciation are:

- Increasing crude oil prices. India is dependent on imports for 80 % of is energy needs. Any increase in international crude prices therefore has a negative impact on the Indian Rupee. Additionally, India is also under pressure to reduce oil imports from Iran (due to US economic sanctions), which is a major supplier to India. Any disruption will make it costlier for India.
- Ongoing trade dispute between the US and China. Emerging markets and developing countries including India are negatively impacted due to the dispute which has been on for the past few months.
- US Federal Reserve has hiked the interest rate by a few basic points twice this year already. It has announced that it plans to do two more interest rate hikes this year. The Indian Rupee like many other emerging market currencies has been negatively impacted. However, India's strong dollar reserves of approx. US $ 421 billion (as on Feb. 2018) acts as a protective cushion for the Rupee against any major swings.

A weak Rupee will nevertheless make imports costlier for Indian importers.

Cost Cutting Exercises in Indian Corporate Hospitals

Several private sector hospital chains have in the recent past engaged consultants to explore cost cutting and cost saving measures. These consultants draw up measures which include cost trimming in consumable expenditures. As a result, surgical and

[14] HTS - Harmonized Tariff Schedule

examination glove purchases are negatively impacted. In their cost cutting reports low cost suppliers are recommended despite lower quality standards. This benefits low cost local manufacturers and suppliers.

Pressure by Local Lobby Groups and Industry to raise Custom Duties

The Indian government comes under frequent pressure from local industry associations and groups such as the All India Rubber Industries Association (AIRIA – website – www.allindiarubber.net) to increase duties on finished rubber products. The AIRIA frequently complaints that India levies amongst the highest duties on import of raw materials and one of the lowest duties on import of finished rubber goods. They allege that this inverted duty structure is leading to a surge in import of finished goods including gloves. They claim that this effects the local producers.

Though the Indian government professes free trade and reduced barriers in international trade, they do sometimes succumb to local industry pressure. For example, early in August 2018, under the recommendation of the Textile Ministry, the Government hiked the duty rate on 328 textile products on the pretext of protecting the local textile manufacturers.

Intense Pricing Pressure in the Disposable Gloves Segment

There is intense price pressure in the Indian disposable surgical and examination glove segments. This makes it difficult for international companies to compete with local Indian manufacturers especially for supplies to Government hospitals. The procurement and supplies to government hospitals and clinics are through tenders and normally the L1 bidder[15] is selected. If other qualifying bidders are also offered part of the quantity / work, they are then required to match the price and conditions offered by the L1 bidder.

Due to the low cost of Indian suppliers, the market of approx. 60000 diagnostic labs are also beyond the scope for imported suppliers.

The Indian e-commerce sector has in the past few years emerged as an alternative purchasing platform for a diverse range of products. This has further increased competition and price pressure. Surgical and Examination gloves are now also sold through leading multi-product e-commerce sites such as Amazon and Flipkart (recently acquired by Walmart). Gloves are sold at more than 50 % discounts during special sales promotional events in these sites.

[15] The person / entity that has bid the lowest in a tender out of all the pre-qualified bidders is called L1

Cumbersome Public Procurement System

Government procurement practices and procedures vary state to state, between the states and the central government, and among different ministries within the central government. Multiple procurement rules, guidelines, and procedures issued by multiple bodies have resulted in problems with transparency, accountability, competition, and efficiency in public procurement.

Public Procurement Policies Favouring Local Suppliers

The Indian government allows a preference for local suppliers in government contracts. In many public tenders, a preference is given to local MSMEs in supply contracts to government hospitals as wells as government-controlled organizations including the Railways.

Despite having centralized public procurement portals, multiple procurement rules, guidelines, and procedures issued by multiple bodies have resulted in problems with transparency, accountability, competition, and efficiency in public procurement. State-owned Public Sector Units (PSUs) do not have a uniform contract format. Each have their own formats with different qualification criteria, selection processes, and financial requirements.

8. Product Quality Standards and Non-Tariff Measures (NTMs) relevant to Rubber Gloves prevailing in India

Product Quality Standards

The Bureau of Indian Standards (BIS) (Website – www.bis.org.in) , established under the Bureau of Indian Standards Act of 1986, is the national standards body of India responsible for development and formulation of product standards. It works under the aegis of Ministry of Consumer Affairs, Food & Public Distribution, Government of India. BIS was earlier called the Indian Standards Institution (ISI).

As a corporate body, it has 25 members drawn from Central or State Governments, industry, scientific and research institutions, and consumer organisations. It has its headquarters in New Delhi. BIS is a founder member of International Organisation for Standardization (ISO). It represents India in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and the World Standards Service Network (WSSN). A number of Indian Standards have been harmonised with ISO/IEC Standards to facilitate acceptance of Indian products in the International Market. BIS has signed MoUs and MRAs with NSBs[16] of many countries.

BIS has signed a Mutual Recognition Agreement (MRA) with Sri Lanka Standards Institution (SLSI).

BIS also actively participates in the Regional Cooperation activities such as the activities of South Asia Regional Standards Organisation (SARSO) and the Pacific Asia Standards Congress (PASC).

List of Indian Standards Pertaining to Safety & Health – Hands (Gloves)

This list of standards of medical and industrial gloves is listed in Table 9 below[17]:

Table 12 - Existing Indian Standards for Rubber Gloves

Standards	Specification
IS 2573: 1986	Specifications to leather gauntlets and mittens
IS 4770 : 1991	Rubber Gloves - electrical purposes – specification
IS 6994: 1973 Part 1	Specification for safety gloves - leather and cotton gloves
IS 8807: 1978	Guide for industrial safety equipment for protection of arms/hands
IS 4148	Surgical Gloves
IS 13422	Disposable Surgical Gloves
IS 13744	Live Working – Gloves of Insulating Material
IS 4149	Post Mortem Rubber Gloves
IS 7180	Disposable Artificial Insemination Gloves

*Source – www.bis.org.in

[16] NSBs – National Standards Boards

[17] There are a total of 18 gloves having IS standards. However for the purpose of this report we have only mentioned the pertinent ones for this report.

The government operated hospitals and organizations are mandated to adopt the standards issued by BIS for their glove requirements. However, it is not so for the private sector hospitals and organizations. International standard markings is generally accepted in both the government and private sector.

General Selection Criteria for Hand Gloves

- Conformity to relevant publications of Bureau of Indian Standards
- Suitability of the material in view of the hazards
- Selection of appropriate length and thickness to suit the application
- Suitability of the linings
- Selection of proper grip
- Selection of appropriate cuff style
- Availability of test certificate

Chemical Safety Gloves: No Indian standards are available for chemical safety gloves. In the absence of BIS standards, most organizations give general guidelines for selecting proper gloves based on the material – Butyl, Neoprene, Nitrile, PVC, Latex or PVA.

Non-Tariff Measures pertaining to Rubber Gloves

- Arbitrary hike in customs duty

In August 2018, the Indian government suddenly announced doubling of the import duty on 328 textile products from the existing 10 % to 20 %. The duty has been imposed on a range of tariff lines from Chapter 50 to 63 (HS). This included the glove category falling under tariff code 611610.

- Negative List

India maintains a “negative list” of imported products subject to various forms of non-tariff regulations. Under the India Sri Lanka Free Trade Agreement, Indian maintains a negative list of 431 items including industrial gloves (HS 611610).

- Tariff Quota

50 % tariff reduction is given to products covering Chapters 61 and 62 (which includes industrial gloves under HS 611610), while remaining in the negative list. The tariff reduction of 50 % will be given on a fixed basis, subject to an annual restriction of 8 million pieces, of which 6 million shall be extended the concession only if made of Indian fabric. On utilization of the unrestricted quota, an additional quota of 2 million pieces out of 8 million pieces is permitted. The quota level per category is increased from 1.5 million to 2 million pieces per category per year.

9. Indian Government Procurement and Bidding Process

Procurement Process

Procurement through B2B Websites

The preferred mode for procurement of goods and services by the Indian government, state governments and public sector undertakings is through E-Procurement. E-Procurement is the purchasing of goods and services using the internet.

It is mandatory for Ministries/Departments to receive all bids through e-Procurement portals in respect of all procurements.

There are currently two major e-procurement portals - Central Public Procurement Portal (CPPP) which was launched in 2013 and Government e-market (GeM) – launched in 2016.

It is mandatory for all government departments and public sector companies to publish their tenders in the Central Procurement Portal of the Government of India. They can also publish the tenders in their own websites, dedicated e-procurement sites and publish in newspapers also. There is a shift now to procure goods mainly through e-Procurement sites as the present Indian government is keen to promote the Indian digital economy through its flagship 'Digital India' program.

a) The Central Public Procurement Portal (CPPP) of the Government of India (Website - https://eprocure.gov.in/cppp/)

CPPP facilitates all the central government organizations to publish their tender enquiries, corrigendum and award of contract details. The primary objective of this portal is to provide a single point access to the information on procurements made across various central government organizations.

The CPPP has been a popular site now for many years for government ministries and other organizations to advertise their requirements of goods and services. It enables them to procure goods in a transparent and fair manner.

b) Government e-Marketplace (GeM) (Website - https://gem.gov.in/)

The GeM platform provides online, end to end solution for procurement of commonly used goods and services for all Central Government Departments and State Governments, Public Sector Units and affiliated bodies.

This site has been promoted by the ruling NDA[18] government. According to a report in The Mint dated Sept 6, 2018[19], the Indian government is keen to promote GeM as an equivalent to Amazon or Flipkart, the popular e-commerce sites in India.

[18] National Democratic Alliance

[19] https://www.livemint.com/Politics/F8r8Bfjwe3jwHdeszW4uiN/Govts-emarketplace-aims-to-pip-Amazon-Flipkart-in-transac.html

According to the report, in two years of its operations, GeM has recorded more than 725,000 transactions worth more than Indian Rupees 11, 250 Crores[20] (approx. $ 1.6 billion) and established itself as an open, transparent, efficient and inclusive platform providing huge savings to the government. The portal has nearly 27,000 buyer organizations registered and about 137,000 sellers and service providers offering more than 465,000 products and services.

c) Website of Government Public Sector Companies

Government controlled companies such as ONGC, GAIL, BHEL (a few examples) can also procure goods and services through tenders advertised in their own dedicated websites.

The government allows important public sector organizations to also have their own dedicated supplier lists as per their choices of priority and importance. In these sites, the procurement is generally done in terms of durability and quality of the goods rather than prices.

d) Manual for Procurement of Goods:

The Indian government (Ministry of Finance, Department of Expenditure) has published a Manual for the Procurement of Goods (to government departments) 2017. The updated manual can be downloaded from the link below –

https://www.doe.gov.in/sites/default/files/Manual%20for%20Procurement%20of%20Goods%202017_0_0.pdf

Registration as a Supplier/Vendor

- Foreign manufacturers with/without their accredited agent in India can be registered. (Page 31 of the Manual Point 3.4.4 – Categories for Registration).
- One of the main prerequisites for registration as a manufacturer is that the firm should possess its own in-house testing facilities.
- Registration should be done by grading the firms (Grade A, B, and so on) on their capability for executing contract orders of different monetary limits in the relevant category of requirements (Page 31 – Point 3.4.6)
- Suppliers should possess valid Digital Signature Certificate (DSCs) Class III with the company name at the time of registration/renewal, so as to enable them to participate in e-Procurements
- The application form, complete in all respects and accompanied with the requisite processing fee and prescribed documents shall be submitted by the firms to the registering authority. The registration application form, duly filled-in,

[20] 1 Crore = 10 Million (Indian numeric / financial term)

when received from the firms shall be scrutinised carefully for assessing the capacity and capability of the firms including credentials, manufacturing capability, quality control system, past performance, after-sales service facilities, financial background, and so on, of the applicant. References shall be made to other firms of standing of whom the applicant firm claims to be a supplier/contractor. Likewise, the applicant firm's bankers may also be requested to advice about the financial standing of the firm (Page 32)

- Any firm, situated in India or abroad, which is in the business of providing goods/works/services of specified categories of interest, shall be eligible for registration (Page 32)

Modes of Procurement / Bidding Process

Procurement

The various modes of procurement that can be used in public procurement are:

a) Open Tenders
   - Open Tender Enquiry (OTE); and
   - Global Tender Enquiry (GTE)

b) Procurement through Selected Suppliers
   - Limited Tender Enquiry - LTE (up to Rs. 25 (Rupees Twenty-Five) lakh); and
   - Special Limited Tender Enquiry (SLTE above Rs. 25 (Rupees Twenty-Five) lakh under special circumstances)

c) Nomination Basis Tenders
   - Proprietary Article Certificate (PAC); and
   - Single Tender Enquiry (STE) without PAC

d) Procurements without Calling Tenders
   - Withdrawals against Rate Contracts (RC);
   - Direct Procurement without Quotation;
   - Direct Procurement by Purchase Committee;
   - Purchases through Central Purchase Organisations

e) Mandatory Procurement of Goods and Services for Goods or Services available on GeM
   - As per (Rule 158 of General Financial Rules (GFR 2017)

f) Preference to Local Manufacturers

   - In the GeM site, for 358 goods, including some categories of gloves, preference is given to local suppliers or Micro, Small & Medium

Enterprises (MSMEs). This is in lieu of the Government's policy for promoting local manufacturing and services. In this regard, the Government issued Public Procurement (Preference to Make in India) Order during June 2017, under which purchase preference will be given to local suppliers in all procurement undertaken by procuring entities.

Bidding System

- Single Stage Bidding System
  - Single Stage Single Envelop System
  - Single Stage Two Envelop System (two bid system)
- Single Stage Multiple Envelops System with Pre-Qualification
- Pre-Qualification Bidding (PQB)
- Two Stage Bidding – Expression of Interest Tenders – Market Exploration

Bid Validity

A bid shall remain valid for the period mentioned in the ITB/AITB[21] (normally 75 (seventy five) days for OTE[22] and 90 (ninety) days for GTE[23]). In exceptional circumstances, the consent of the bidder may be requested in writing for an extension to the period of bid validity. Such requests should preferably be made much before the expiry of the bid validity. The bid security provided shall also be suitably extended. A bidder accepting the request and granting extension shall not be permitted to modify his bid.

For complete details on all aspects of the procurement and bidding process, please refer to Manual for the Procurement of Goods (to government departments) 2017 - https://www.doe.gov.in/sites/default/files/Manual%20for%20Procurement%20of%20Goods%202017_0_0.pdf

[21] ITB – Instruction to Bidder / AITB – Additional Instruction to Bidders
[22] OTE – Open Tender Enquiry
[23] GTE – Global Tender Enquiry

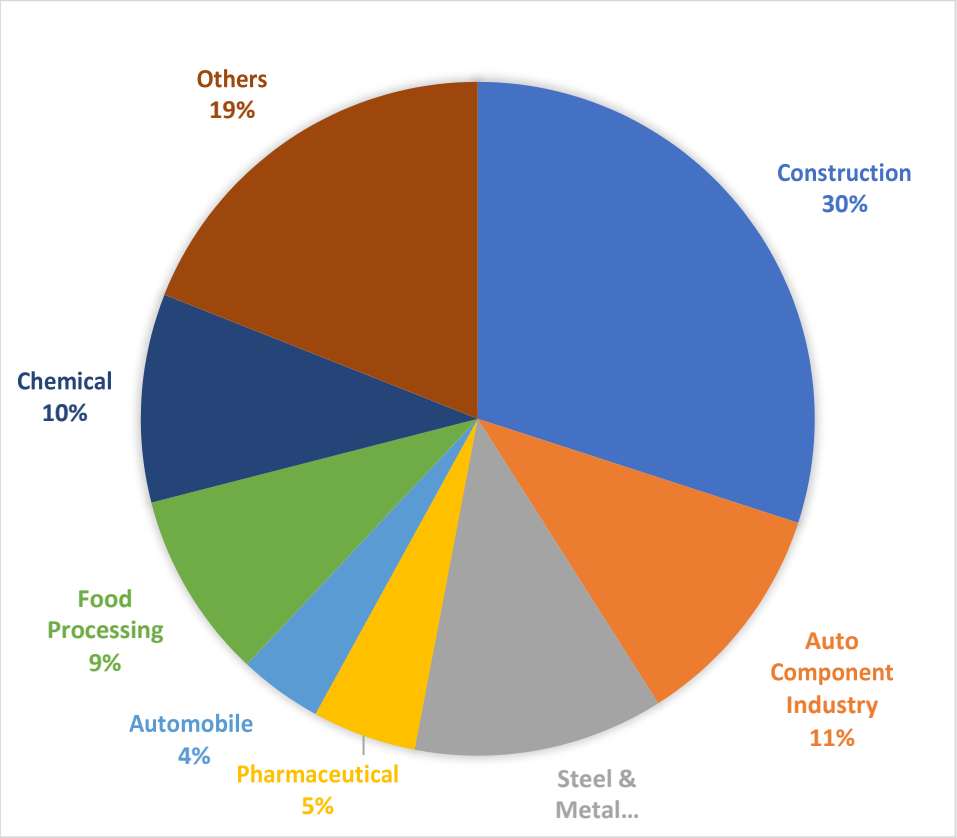
10 Overview of Geographical Segments for the Glove industry (All Categories of Gloves).

Statistical Breakup of Consumption Sectors

Sector	Size of Segment (%)	In Value ($ Mill.)
Construction	30	32.4
Auto Component Industry	11	11.88
Steel/Metal Fabrication	12	12.96
Pharmaceutical	5	5.4
Automobile	4	4.32
Food Processing	9	9.72
Chemical	10	10.8
Others	19	20.52
Total ➔	100	108

* As per RedSeer Consulting/IGEP estimates

Figure 8 - Industrial Glove Consuming Sector by Percentage



Details of Glove Usage

Industry	Applications	Glove User Requirements
Chemical Industry	• Warehousing of raw materials • Filling and blending of raw materials • Handling of pumps and valves • Handling process equipment • Laboratory testing of materials • Packing and filling of final products • Handling chlorinated solvents • Handling hydraulic fluids, gasoline, alcohols and organic acids • Handling nitric acid, sulfuric acid, hydrochloric acid and peroxide	• Chemical and liquid resistance and grip • Abrasion and cut resistance • Antistatic • Dexterity and flexibility
Chemical Industry (Oil and Gas)	• Drilling and pumping work • Chaining of pipes • Tools handling • Explosives handling • Assembly/disassembly of pipes • General maintenance and repair of equipment • Environmental cleaning • Laboratory testing	• Oil protection • Heavy tool handling • Chemical and liquid resistance and grip • Abrasion and cut resistance • Antistatic • Dexterity and flexibility • Impact protection
Pharmaceutical Industry	• Laboratory usage • Chemical usage • Handling equipment • Production of drugs • Handling process equipment	• Chemical protection • Mechanical protection • Abrasion and cut resistance • Handling protection
Automotive Sector (including automotive parts manufacturing sector)	• Press shop operations • Handling metal sheets • Handling metal parts with sharp edges • Welding • Inspection of metal parts • Metal working and assembly • Body paints and surfaces • Handling of injection moulding equipment	• Grip in both dry and oily environment • Abrasion and cut resistance • Dexterity • Flame and contact heat protection • Paint resistance • Spark protection
Food Processing Sector	• Meat / Poultry industry – slicing, cutting, skinning • Marine – packing of fillets, canning, bottling • Sorting and grading vegetables and fruits • Sorting and transportation • Packaged Foods/Brewery – handling of line and process plant equipment	• Cut protection • Liquid protection • Cold protection • Dexterity • Chemical protection

The major geographical segments in India for the usage of glove categories HS 401511, 401519 and 611610 can be categorized as per the table 10 below. It has to be noted that there are some glove categories that overlap more than one sector.

Table 13 - Geographical Segments for Glove Industry

401511 & 401519 Surgical / Examination	401519 Examination / Household	611610 Industrial
Segment A	**Segment B**	**Segment C**
Private Hospital Chains	Dental Clinics	Pharmaceutical Industry
Standalone Private Hospitals	Private Medical Clinics	Bio-Pharma Industry
Government Hospitals	Diagnostic Centres	Oil & Gas
Armed Forces Hospitals	Laboratories	Electric / Power
Railways	Pharmaceutical industry	Mining / Metal
	Bio-Pharma industry	Automotive / Automotive Parts
	Company owned Labs/Testing Centres	Electronics
	Household ↓	Warehousing
	Hospitality Sector	Construction
	Facility Management Companies	Chemicals Sector
		Food Processing

Major Segment A Consumers – Surgical / Examination

Market Size of Indian Healthcare Industry: The Indian healthcare industry was estimated to be approx. US $ 140 billion in 2016. The healthcare industry is expected to grow at a CAGR of 15-16 % during 2015-20 and expected to reach a size of $ 265 billion in 2020 [24].

It has to be noted that the healthcare delivery segment in India is largely driven by private sector players, especially the large corporate chains. 80% of Healthcare expenditures already take place in private hospitals. The private sector hospitals are therefore, the most vibrant force in the Indian healthcare delivery sector.

Private Hospitals: Until the early 1980s, government run hospitals and those operated by charitable organizations were the main providers of hospital care in India. However, in the 1980s and onwards the healthcare sector saw a great deal of private investment in setting up hospitals and nursing homes and which had a corporate style of functioning. These privately-run hospitals invested in the latest equipment and

[24] Source - http://download.dionglobal.in/admin/Reports/DRHP220520171.PDF

technologies and revolutionized the health care infrastructure in India. The private sector is also credited with bringing to India the super-specialty service in medical treatment in India. Most of these hospitals are located in major urban regions such as Delhi, Mumbai, Bangalore, Chennai and Hyderabad. They are now expanding in smaller Tier 2 and 3 cities in India.

The major private hospital chains in India are listed in Table 11 below.

Table 14 - Major Private Hospital Chains in India

S. No.	Major Hospital Groups	Number of Units
1	Apollo Hospitals	41
2	Fortis Hospitals	50
3	Narayana Health	31
4	HCG Hospital	26
5	Vaatsalya Healthcare	7
6	Mewar Hospitals	13
7	Max Healthcare	14
8	Sama Hospitals	9
9	Sterling Hospitals	4
10	Glocal hospitals	5
11	Tata Memorial Hospital	7
12	Manipal Hospitals	13
13	Wockhardt	7
14	Advanced Medicare Research Institute Ltd (AMRI)	5
15	Reliance Health	2
16	Seven Hills Hospitals	2
17	Sankara Nethralaya	14
18	Columbia Asia	18
19	Paras Hospitals	7
20	Alchemist Hospitals	2
21	Medanta Medicity	4
22	Global Hospitals	5
23	Yashoda Hospital	3
24	Vasan Eye Care Hospitals	180
25	Dr. Agarwal's Eye Hospital	62

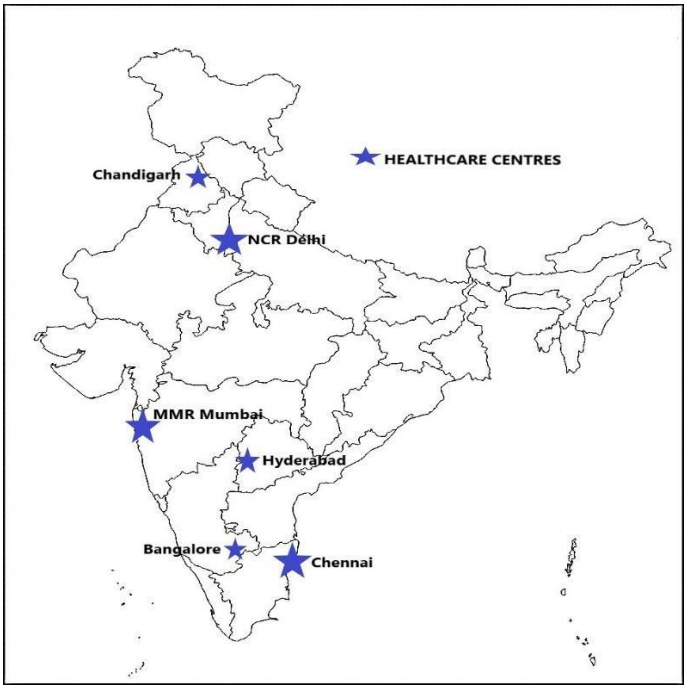
There are also several standalone (single entity) hospitals in cities such as Delhi, Mumbai, Bangalore and Chennai which are highly reputable and major buyers of medical consumables such as gloves.

As a result of the superior quality of medical service provided in Indian private hospitals, India has now become a major destination for medical tourism. India attracts medical tourists mainly from Africa, Middle East, South Asia and Central Asia. The Indian private hospitals are therefore investing in the best state of art medical equipment and safety standards. Delhi, Mumbai, Chennai, Bangalore and Hyderabad

have emerged as major centres for medical tourism. Good air connectivity and availability of good hotels in these cities have been additional major supporting factors.

Geographical Segment 1 - Private Hospitals

The major health care centres in India are concentrated in the main metropolitan cities of National Capital Region of Delhi (including Noida, Gurgaon, Faridabad and Ghaziabad), Mumbai Metropolitan Region (including Mumbai, Navi Mumbai and Thane), Chennai, Hyderabad, Bangalore and Chandigarh. These hubs have also become the main medical tourism destinations.



Major Segment B Consumers – Examination Gloves

Pharmaceutical Sector

This sector is a major consumer of Segment B products (401519). The sector is also a consumer of Segment C products (611610)

Pharmaceutical Sector: India has a strong pharmaceutical sector. It exported pharmaceutical products worth US $ 13.2 billion in 2017-18 [25]. There are 1803 Indian pharmaceutical companies registered with Pharmaceutical Export Promotion Council of India (www.pharmexcil.com). India is a major producer of generic drugs in the world and the major buyers are the USA, the EU and Japan. The international export product quality requirements for drugs is very high and therefore the Indian manufacturers have invested in the most modern equipment and plant. They also follow stringent production standards in terms of cleanroom and production floor hygiene practices. They are therefore a major consumer of gloves.

[25] Source – Dept. of Commerce, Govt of India.

The leading Indian pharmaceutical companies in India are listed in Table 12 below:

Table 15 - Leading Indian Pharmaceutical Companies

S. No.	Company	Location
1	Cipla	Mumbai (Maharashtra)
2	Dr. Reddy's	Hyderabad (Telangana)
3	Ranbaxy	National Capital Region (NCR Delhi)
4	Lupin	Mumbai (Maharashtra)
5	Aurobindo	Hyderabad (Telangana)
6	Sun	Mumbai (Maharashtra)
7	Cadila Health Care Ltd	Ahmedabad (Gujarat)
8	Torrent Pharma	Ahmedabad (Gujarat)
9	Jubilant Life	National Capital Region (NCR Delhi)
10	Wockhardt	Mumbai (Maharashtra)

Bio-pharma Sector [26]:

India's bio-pharma and bio-services industries are major contributors to the growth of the country's biotech sector. The biopharmaceutical products now manufactured by the Indian companies cover a wide range of products like hormones such as Insulin, Erythropoietin, Streptokinase and Interferon, Growth Hormones, Granulocyte Stimulating Factor, Follicle Stimulating Factor, Blood Factor VIII, Tissue Plasmogen Activator and Vaccines. India is the no.1 producer of Hepatitis B vaccine recombinant. The Biopharmaceutical Industry in India comprises of 346 biotechnology companies. These are a mixture of Indian companies and multinational companies with their subsidiaries or joint ventures. The top 10 companies account for over 50 percent of the revenue. The Biotechnology Industry in India has grown from $1.1 billion in 2005 to $7 billion in 2015 [27].

The leading biopharmaceutical plants in India are listed in table 13 below.

[26] Biopharmaceutical Definition - The medical drug (proteins including antibodies, nucleic acids, DNA, RNA or antisense oligonucleotides) produced using biotechnology is called biopharmaceutical. The biopharmaceuticals are complex macromolecules created through the genetic manipulation of living organism using gene cloning, recombinant DNA or cell fusion technology.

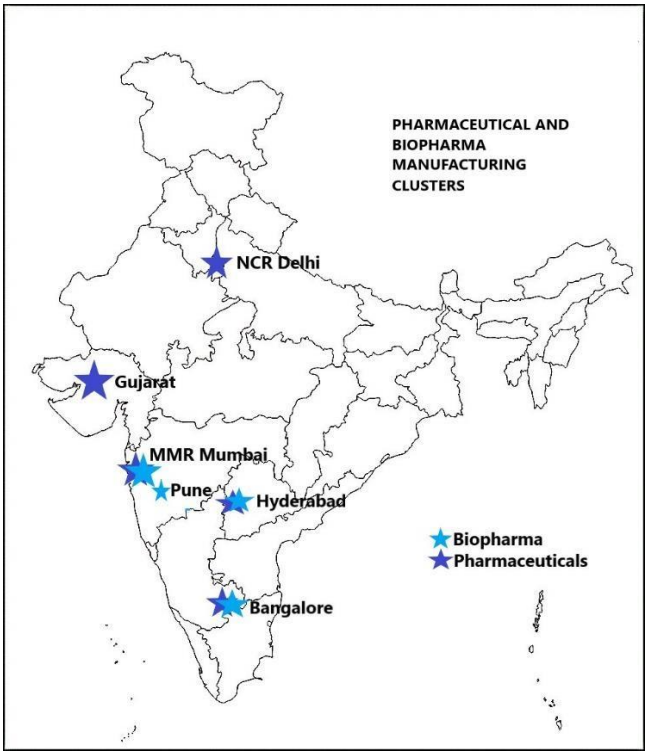
[27] Source - http://www.makeinindia.com/sector/biotechnology

Table 16 - Leading Indian Bio-Pharma Companies

S. No.	Company	Location
1	Biocon	Bangalore (Karnataka)
2	Serum Institute of India	Pune (Maharashtra)
3	Panacea Biotec	National Capital Region (NCR – Delhi)
4	Reliance Life Sciences	Mumbai (Maharashtra)
5	Novo Nordisk	Mumbai (Maharashtra)
6	Shanta Biotech	Hyderabad (Telangana)
7	Indian Immunologicals	Hyderabad (Telangana)
8	Bharat Biotech	Hyderabad (Telangana)
9	Eli Lilly	National Capital Region (NCR-Delhi)
10	Bharat Serums	Mumbai (Maharashtra)

Geographical Segment 2 - Pharmaceutical & Bio-Pharma Sector

Gujarat and Maharashtra are the major production regions for pharmaceutical products in India. Bangalore and Hyderabad are very strong in both pharma and bio-pharma industries. NCR Delhi and Pune are other major production centres.



Major Segment B Consumers – Household Gloves

Hotels Sector

As of December 2016, there were 1459 approved hotels in India approved by the Ministry of Tourism, Govt of India. Out if these, 532 hotels in India were in the 4 star, 5 star, 5 star deluxe and heritage categories. According to a survey by HVS South Asia, the leading global hotel consultancy firm, India, presently, has 125,000 branded hotel rooms, which will increase to 155,000 by 2020. It also says that about 50 per cent of these rooms are now controlled by international hotel brands. India received more than 10 million tourists in 2017, which is a record. India's own domestic tourism is increasing rapidly. Hotel booking in India are therefore expected to rise by 12 to 15 per cent in the next 3-4 years.

Facility Management (FM) Companies

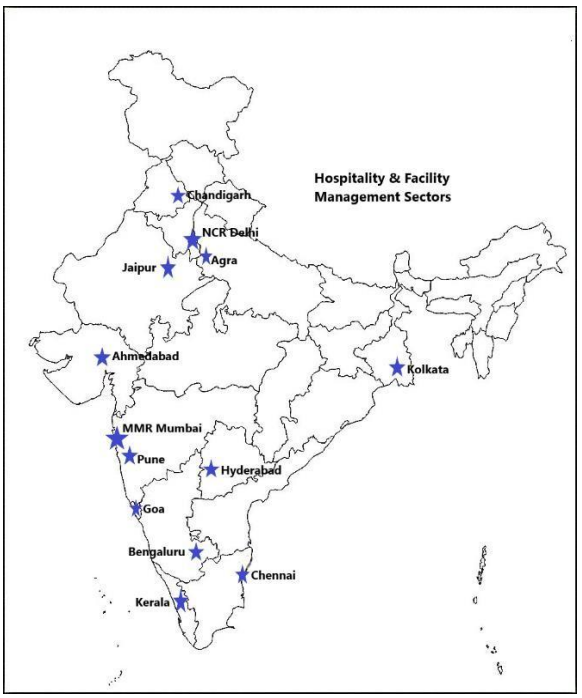
The work of housekeeping and janitorial services in many corporate offices are now being increasingly outsourced to Facility Management Companies. Among end-users, IT/ ITES/ BFSI[28] are major users of FM services. Companies in the healthcare, retail, manufacturing, and infrastructure (airports, metro rail) segments are also opting for FM services as outsourcing this work frees them to focus on their core activities. The size of the FM market in India is approx. $ 1 billion. Few of the major players operating in India facility management market include CBRE Group, Inc., Jones Lang LaSalle Incorporated (JLL), SIS Group Enterprises, Quess Corp Ltd., Cushman & Wakefield, Colliers International Group Inc., Knight Frank India Pvt Ltd, Sodexo, EFS Facilities Services, and Updater Services Pvt Ltd.

[28] IT/ITES/BFSI – Information Technology/Information Technology Enabled Services/Banking Financial Services & Insurance

Geographical Segment 3 - Hospital & Facility Management Service Sectors

The hospitality sector is spread evenly across India. However, the major concentration is in the North, West and South India.

The facility management companies are located at Mumbai Metropolitan Region, Pune, Bangalore, Hyderabad, Chennai and the National Capital Region, Delhi



Major Segment C Consumers (Industrial Gloves)

Petroleum Production & Refining / LNG / Gas Pipelines Sector

The oil and gas sector is an important sector of the Indian economy. India is a major consumer of oil and gas in South Asia. It also produces oil and gas though they meet only 15 - 20 % of the domestic consumption requirement. India's oil and gas sector consists of:

- Petroleum exploration & production (both onshore and offshore)
- Refining of imported and domestic crude oil
- LNG imports and distribution via pipelines
- Transportation and storage

India is the 4th largest importer of crude oil in the world with imports of US $ 60.2 billion in 2017 [29]. This accounts for 6.9 % of the global total. India also boosts of a large network of refineries which exports refined petroleum products to many countries,

[29] Source - http://www.worldstopexports.com/crude-oil-imports-by-country/

besides feeding the domestic demand. India exported US $ 36.8 billion worth of refined petroleum and related products in 2017-18 [30].

Refineries: India has 230.06 MMTPA[31] of refining capacity with a surplus refining capacity of about 15%, making it the second largest refiner in Asia after China. Private & joint venture companies own about 41% of total capacity (including Reliance's Jamnagar Refinery which is the largest standalone refinery in the world). After the completion of ongoing projects which are undertaken by various refineries, the refining capacity of India is expected to reach 256.55 MMTPA by 2019-20 [32]. Saudi Arabia's Aramco has signed an agreement with IOC, BPCL and HPCL of India to build a $ 44 billion refinery complex in Ratnagiri in Maharashtra state. It is expected to be one of the largest in the world.

India currently has 22 refineries. 19 of these are operated by government owned companies or joint ventures while 3 are in the private sector.

Petroleum/Gas Exploration & Production: In India crude oil is produced in onshore and offshore sites. Onshore fields are in the states of Assam/Nagaland, Arunachal Pradesh, Gujarat, Rajasthan and Tamil Nadu/ Andhra Pradesh. Oil India Limited (OIL) and Oil and Natural Gas Commission (ONGC) have the onshore field for crude oil production. Offshore production occurs at Bombay High run by ONGC and Private/Joint Venture companies such as Reliance. Bombay high (off the coast of Mumbai) is the one of the major production centres for offshore oil in India. India produces about 32-33 MMT[33] of crude oil annually which meets about 18 % of its domestic requirements.

The country's gas production stood at 32.64 BCM[34] in 2017-2018. Out of this 22.01 BCM were produced offshore, while 10.63 BCM were produced onshore.[35]

LNG Terminals: India is the fourth-largest importer of LNG (Liquified Natural Gas) in the world. There are 4 operation LNG terminals in India at the ports of Dahej, Hazira, Dabhol, and Kochi in the west coast. Three more are planned in the east coast.

Gas Pipelines: Gas pipeline infrastructure in India stood at 16,470 km in September 2017.[36] The government plans to build another 15,000 km of gas pipelines as part of a national gas grid, which is currently under various stages of implementation.

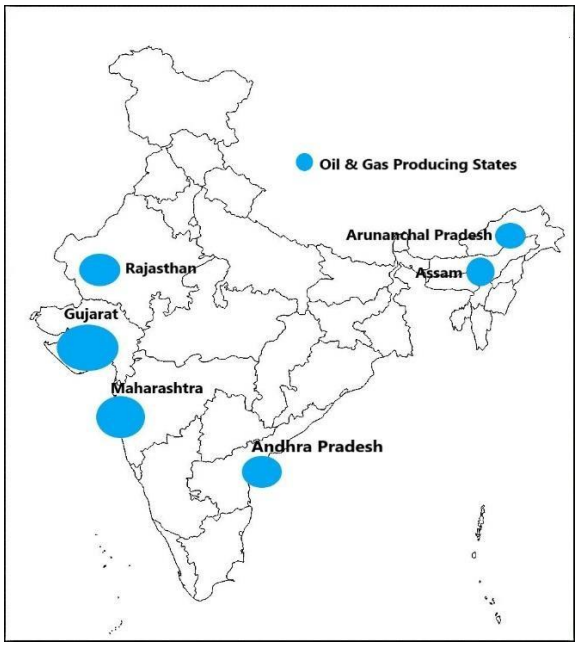
Storage: To enhance oil security and protect supply disruptions, crude oil strategic storage of 5.33 MMT capacity was built at three locations viz. Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The project at Visakhapatnam is

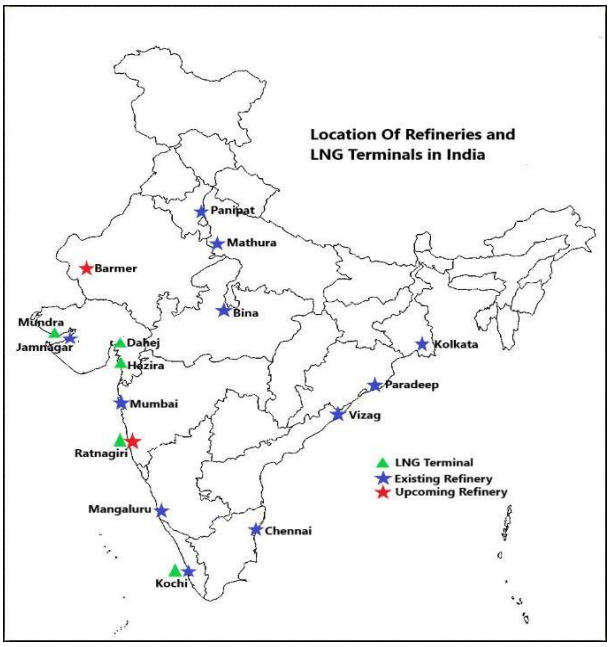
[30] Source – Dept. of Commerce, Govt. of India
[31] MMTPA – Million Metric Ton Per Annum
[32] Source – India Brand Equity Foundation
[33] MMT – Million Metric Tons
[34] BCM – Billion Cubic Meter
[35] Source – Ministry of Petroleum & Natural Gas, Govt. of India
[36] Source – India Brand Equity Foundation

already commissioned and Mangalore and Padur are under advanced stage of commissioning.[37]

Main Companies: ONGC, OIL, GAIL, IOC, BPCL, HPCL and Petronet LNG are the major government owned companies in this sector. Several private companies have also emerged as important players in the past decade. Cairn India has operations of major stakes in the Rajasthan and Gujarat regions and Krishna-Godavari basin. Reliance Industries Limited and Essar Oil have become major refiners. Essar Oil sold its refinery in Gujarat to Rosneft of Russia in 2016.

Geographical Segment 4 - Oil & Gas Sector





Electrical Sector

India's national electric grid has an installed capacity of 345.5 GW[38]. Approx. 20 % of this is contributed by renewable energy sources such as wind, solar and hydro. Nearly 60 % of India's electricity is generated by coal fired plants. India also has 19 nuclear power plants collectively producing about 5000 MW of power.

India has a strong electrical machinery sector. In 2017-18, the total production of electrical equipment stood at USD $ 27.3 billion. The sector contributes about 8% to manufacturing sector in terms of value, and 1.5% to India's overall GDP. Indian

[37] Source - http://www.makeinindia.com/sector/oil-and-gas

[38] GW-Giga Watts – 1 Giga Watt = 1000 Watts

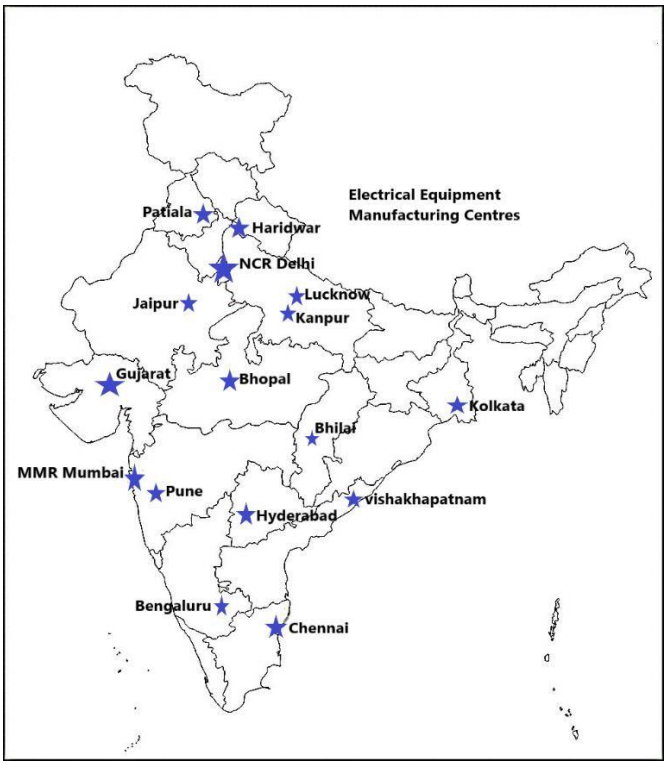
electrical equipment industry exported goods worth USD $ 6.5 billion in 2017-18. The industry registered a strong double-digit growth rate of 12.8% in 2017-18.

The India electrical equipment industry broadly comprises of two segments - generation equipment (boilers, turbines, generators) and transmission & distribution (T&D) and allied equipment like transformers, cables, transmission lines, switchgears, capacitors, energy meters, instrument transformers, etc. The T&D equipment sector dominates the sector making up for 85% of the industry whereas generation equipment sector accounts for the rest 15% [39].

Major Companies – Bharat Heavy Electricals Ltd (BHEL) is the major government owned company in the sector. In the private sector, L&T, Havells, Bajaj, Kirloskar Electric and Mahindra are some of the major Indian companies in this segment. Many MNCs are also present such as Alstom, Schneider Electric, GE, Siemens, ABB, Cummins and Bosch – all having a strong manufacturing presence India.

Geographical Segment 5 - Electrical Equipment Manufacturing Sector

The manufacturing sites of electrical machinery is spread quite uniformly across North, South and Western India. BHEL alone has 17 manufacturing facilities spread across India. Major manufacturing hubs are in NCR Delhi, Bangalore, Pune and Hyderabad.



[39] Source - http://www.makeinindia.com/sector/electrical-machinery/

Mining / Metal Sector

India produces as many as 88 minerals which includes 4 fuels minerals, 3 atomic minerals, 26 metallic & non-metallic minerals and 55 minor minerals (including building and other materials). India has approximately 1500 operative mines. The states of Jharkhand, Chattisgarh, West Bengal, Orissa and Jharkhand in Central and Eastern India are the states with a strong mining sector. Most of India's steel and aluminium plants are located in this region. Iron ore, bauxite, mica, limestone and manganese are some of the important minerals extracted and processed. India is the 3rd largest producer of steel in the world in 2017.

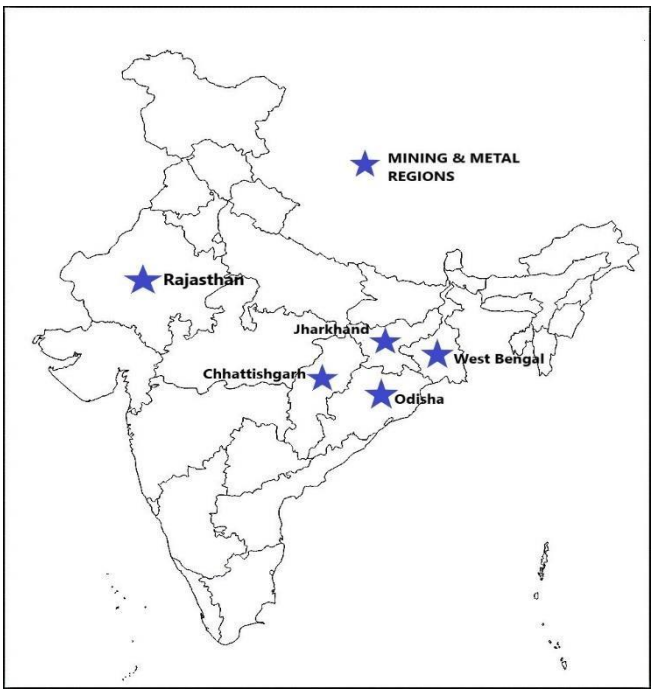
Mining and quarrying also takes place in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Rajasthan for stones such as granite, marble, etc. India is a major exporter of these stones used in the housing and construction sector.

Major Companies: Coal India, Indian Rare Earths Ltd, National Aluminium Company (Nalco) and Steel Authority of India (SAIL) are some of the large government owned companies in this sector. The private sector companies include Tata Steel, HINDALCO, Vedanta Resources and Jindal Steel.

Mining operations of limestone is predominantly carried out by cement companies. Major companies in the cement sector are ACC, Gujarat Ambuja, Lafarge, Birla, India Cements and Madras Cements.

Geographical Segment 6 - Mining & Metal Sector

The major mining and metal producing regions in India are located in Eastern India. Jharkhand, Chhattisgarh, Odisha and West Bengal are the major mineral producing states in India. Most of the major iron and steel and aluminium producing plants are also located in this region. Rajasthan, in western India is also strong in the mining sector.



Automotive and Automotive Parts Sector

Automotive Sector

The Indian automotive (including cars, scooters, motorcycles and commercial vehicles) manufacturing sector's gross turnover is US $ 67.72 billion in 2016-17.[40]

In 2017-18, India produced 4.02 million passenger cars, 0.89 million commercial vehicles, 1.02 million three wheelers and 23.14 million 2 wheelers. India exported 0.74 million cars, 96,867 commercial vehicles, 0.38 million three wheelers and 2.8 million two wheelers [41].

The majority of India's automotive manufacturing industry is evenly divided into 3 major clusters. Chennai in the South is the largest, with a 35% share. It accounts for 60% of the country's automotive exports. It is home for the operations of Ford, Hyundai, Renault, Mitsubishi, Nissan, BMW, Hindustan Motors, Ashok Leyland, Royal Enfield, TVS and Daimler.

Near Mumbai, Maharashtra, along the Chakan corridor near Pune, is the western cluster, with a 33% share of the market. Audi, Volkswagen, and Skoda are located in Aurangabad. Mahindra has an SUV and engine assembly plant at Nashik. General Motors, Tata Motors, Mercedes Benz, Land Rover, Jaguar, Fiat, and Force Motors have assembly plants in the area. Bajaj Auto has its manufacturing plant in Pune.

The northern cluster is around the National Capital Region (NCR) of Delhi and contributes 32%. Gurgaon and Manesar, in Haryana, are where the country's largest car manufacturer, Maruti Suzuki, the largest and second largest two-wheeler manufacturers, Hero Motocorp and Honda Motorcycles & Scooters India (HMSI) are based. Honda Motors (cars) is based in another part of the NCR, Noida.

A new automobile cluster has emerged in the state of Gujarat. General Motors has a plant in Halol (now taken over by SAIC Motor Corp. of China). Ford and Tata have also set up manufacturing plants in Sanand while Maruti Suzuki inaugurated a new plant in Hansalpur this year.

Other smaller clusters are located in Karnataka (Toyota, Volvo, Tata & Scania), Hosur, Tamil Nadu (Ashok Leyland), Andhra Pradesh (Ashok Leyland, Isuzu and upcoming plant of Kia Motors) and Pithampur in Madhya Pradesh (VE Commercial Vehicles, a Volvo and Eicher Joint Venture).

[40] Source - Society of Indian Automobile Manufacturers (www.siamindia.com)
[41] Source – Society of Indian Automobile Manufacturers (www.siamindia.com)

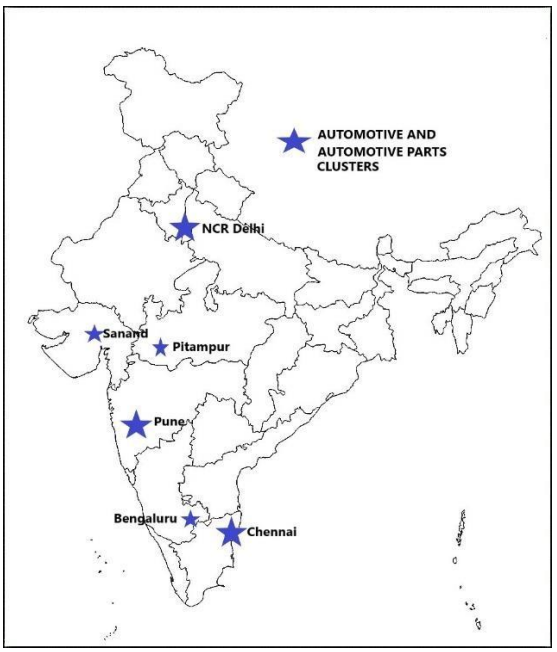
Automotive Parts Sector

The size of the Indian auto component sector is around USD 43.5 billion in 2016-17[42]. The strong growth of this sector is a result of the robust growth in the Indian automotive sector. India exported USD 10.90 billion worth of automotive parts in 2016-17. Bharat Forge, Motherson Sumi, Bosch and Sundaram Clayton are some of the major automotive parts manufacturers in India. Many of these companies are also part of the global supply chain of several international automobile OEMs.

The location of the automotive parts sector is in close proximity to the automotive companies. A large number of them are therefore located in NCR (Gurgaon, Manesar and Noida), Chennai and Pune regions.

Geographical Segment 7 - Automotive & Automotive Parts Sectors

NCR Delhi (including Gurgaon, Manesar and Noida), Chennai and Pune can be considered as the major automotive and automotive parts producing centres in India. Sanand, Bangalore and Pitampur can be considered as emerging automotive and automotive parts clusters.



Electronic Sector

According to Niti Aayog, the think tank of the Indian government, India's total electronics hardware production in 2014-15 is estimated at US $ 32.46 billion. India exported electronic goods worth US $ 6 billion in 2014-15. Total domestic consumption of electronic hardware was US $ 63.6 billion. Imports were US $ 36.9 billion, which accounted for 58 % of the market share.

[42] Source - http://www.makeinindia.com/sector/automobile-components

The domestic electronics production has become a high priority sector for the Indian government. India is a big market for consumer electronics and components used by the defence and other engineering industries. These are largely met through imports. To reduce this dependency and to encourage domestic production, the Indian government through its "Make in India" program is offering investors various incentives including tax waivers. A large number of smartphone and mobile phone manufacturers are already in the process of establishing manufacturing or assembly plants in India either themselves or through their contract manufacturers. The Govt. of India plans to set up 20 Electronic Manufacturing Clusters (EMCs) with various tax sops in India to incentivize electronic production in India.

The Indian electronic segment can be classified into 6 segments as below:

Table 17 - Key Segments of Indian Electronics Industry (2014-15)

Segment	$ Billion	% of Sector
Consumer Electronics	9.1	28
Electronic Components	5.1	16
Industrial Electronics	5.6	17
Computer Hardware	1.7	5
Communication & Broadcast Equipment	9.5	29
Strategic Electronics	1.7	5
Total ➔	32.7	100

Japanese and Korean companies dominate the Indian consumer electronic sector. Japanese consumer electronics companies such as Sony, Panasonic, Hitachi, Daikin and Sharp are investing significantly in setting up and expanding manufacturing plants in India. The Korean companies Samsung and LG also have a strong manufacturing presence in India. In July, 2018, Samsung commissioned the largest mobile manufacturing plant in the world in Noida (NCR Delhi).

During the last few years, there has been a spate of investment in mobile manufacturing in India. Chinese companies like Gionee and Xiaomi are making their handsets at Foxconn plant (contract manufacturer) in Andhra Pradesh. Domestic companies such as Karbonn, Lava, Micromax, Intex, Jivi, iTel, and MTech also have manufacturing plants. In total there is estimated to be about 37 mobile manufacturing or assembly plants in India. Most of them have been set up during the last 2 years. Apple also started locally manufacturing mobile phones through their Taiwanese contract manufacturer Wistron last year. Noida has become a major centre for mobile manufacturing in India.

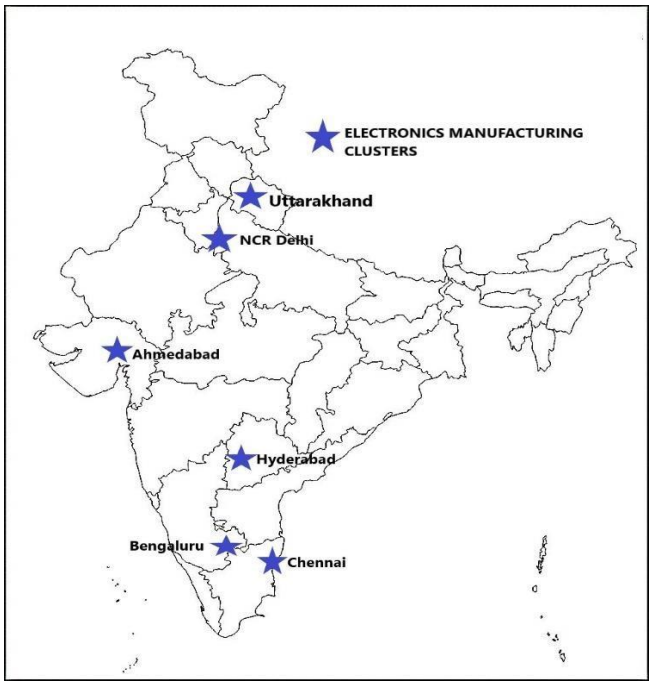
Bharat Electronics Ltd. (BEL) is the largest government owned company in this sector, based in Bengaluru. It manufactures advanced electronic products for the Indian armed forces.

Table 18 - Leading Companies in Indian Electronics Sector

Segment	Major Companies
Consumer Electronics	Samsung, LG, Sony, Panasonic, Hitachi, Daikin, Sharp, Voltas, Videocon
Electronic Components	Samtel, Flextronics India Ltd., AT&S India Ltd., Jabil, Wistron
Industrial Electronics (Including Medical Electronics)	Siemens, Voltas, Tektronix, Philips, GE Healthcare, Transasia Biomedicals, Wipro, TVS Electronics, Cerebra
Computer Hardware	HCL, Dell, Moser Baer, D-Link India
Communication & Broadcast Equipment	Bharathi Teletech, Himachal Futuristics Communications Ltd.,
Strategic Electronics	Bharat Electronics Ltd

Geographical Segment 8 - Electronic Manufacturing Segment

City	State
Ahmedabad	Gujarat
Bengaluru	Karnataka
Gurgaon	NCR
Hyderabad	Telangana
Mumbai	Maharashtra
Noida	NCR
Chennai	Tamil Nadu
Hardwar	Uttarakhand



Warehousing Sector

India's quality warehousing stock in the top 8 cities totalled 140 million square feet in 2017. By 2020, the supply is expected to increase to 247 million square feet. It is estimated that Indian Rupees 45,000 Crores[43] (approx. $ 6.6 billion) would be invested in creating storage facilities across India between 2018 and 2020. The investments will include cold storages, agriculture storage and container storage.

The warehousing sector in India is undergoing a change since the Indian government enforced the Goods & Services Tax (GST) since July 1, 2017. India is now a single tax country, with taxes uniform throughout the country. Many FMCG, consumer durable and manufacturing companies are therefore consolidating smaller warehouses across multiple states, into a few large strategic ones. Logistic companies are also shifting from managing single company warehouses to a multi client, multi product model. The raise of the e-commerce sector in India during the past few years has also resulted in the demand for new warehousing space. The consolidation to larger warehouses has also let to companies adopted automation and modern warehousing management practices.

Location of Warehouses in India: Bhiwandi, near Mumbai is the largest warehousing market in the country in terms of the space for warehouses. It is closest to the largest port in India, JNPT. The National Capital Region (NCR Delhi) is also becoming a hotbed to locate warehouses catering to North India [44].

The major warehousing and logistic hubs in India are given in table 16 below:

Table 19 - Major Logistic Hubs in India

Logistics Hub	Nearest Cities	Major Industries
NCR Delhi	Delhi, Noida, Gurgaon, Jaipur, Amritsar, Ghaziabad, Chandigarh	Food Processing, Automobile and Ancillaries, Electronics, Pharmaceuticals, Metal
MMR Mumbai	Mumbai, Thane, Navi Mumbai Pune, Nashik	Petroleum, Textile, Chemicals, Pharmaceuticals, Engineering
Chennai	Puducherry, Madurai, Hosur, Coimbatore, Trichi	Automobile, Electronics, Hardware, Engineering
Kolkata	Ranchi, Bhilai, Bhubaneshwar, Jemshedpur, Durgapur	Metallurgy, FMCG, Petrochemicals, Pharmaceuticals
Nagpur	Aurangabad, Solapur, Indore, Bhopal	Steel, Pharmaceutical and Chemical, Food Processing
Bangalore	Mysuru, Kochi, Mangalore	Aerospace, Aviation, Electronics, Automobile
Ahmedabad	Rajkot, Vadodara, Surat, Gandhinagar	Cement, Petroleum, Automobile
Indore	Ujjain, Gwalior, Kota, Vadodara	Food Processing, Automobile and Ancillaries, Pharmaceuticals

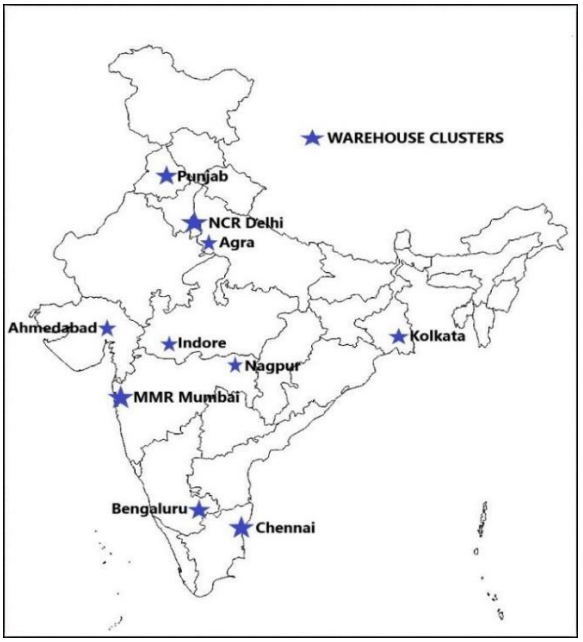
* Knight Frank India Warehousing Market Report 2018

[43] 1 Crore = 10 Million

[44] Source – Business Today July 1, 2018

Geographical Segment 9 - Warehousing Segment

The major warehouses are located close to the big consumption centres. As a leading producer of wheat and rice, Punjab accounts for a large percentage of cereal warehouses in India. Agra is a major cold storage centre for crops such as potato.



Chemicals Sector

The Indian chemical industry comprises both small and large-scale units, and presently, there are about 70,000 chemical manufacturing units located in the country. With a size of $ 139 billion in 2016 [45], the Indian chemical industry is the 6th largest in the world and 3rd largest in Asia. India is the third largest producer of agrochemicals, globally, and ranks fourth in terms of production of crop protection chemicals. The chemical industry in India is expected to reach USD 403 billion by 2025 [46]. India is also the sixth largest consumer of chemicals in the world. The Indian chemical industry is also a big contributor to exports, with $ 20.40 billion worth of exports in 2017-18 [47]. Major Segments of the Indian Chemical Industry are shown in Table 17 below.

Table 20 - Composition of Indian Chemical Sector

Basic Chemicals	Petrochemicals, man-made fibres, industrial gases, fertilizers, chlor-alkali, and other organic and inorganic chemicals
Speciality Chemicals	Dyes and pigments, leather chemicals, construction chemicals, personal care ingredients
Pharmaceuticals	Active Pharmaceutical Ingredients (APIs) and formulations
Agrochemicals	Insecticides, herbicides, fungicides
Biotechnology	Bio-pharma, bio-agriculture, bio-industrial products

*Source – Tata Strategic Management Group

[45] Source – India Brand Equity Foundation – www.ibef.org
[46] Source – India Brand Equity Foundation – www.ibef.org
[47] Source – Ministry of Commerce, Govt. of India

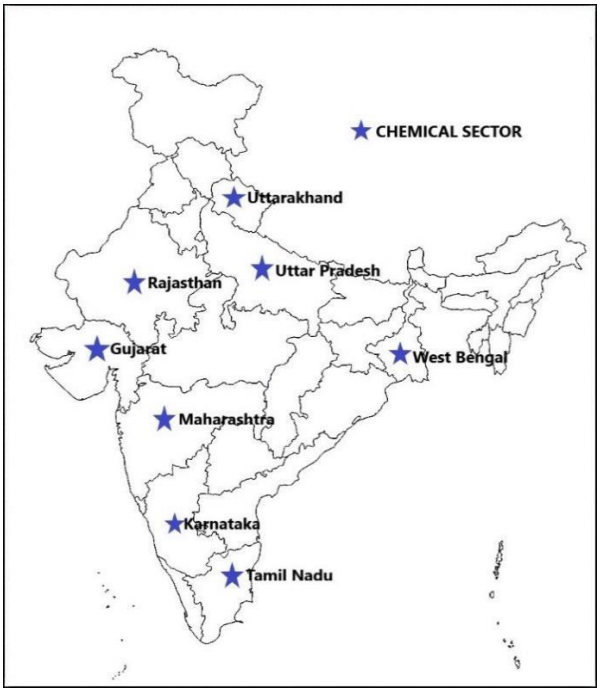
Table 21 - Top 10 Indian Chemical Companies (By Sales) & Location

Company	Location
United Phosphorous	Gujarat
BASF	Maharashtra, Gujarat, Karnataka
Pidilite Ind	Maharashtra, Gujarat
Aarti Industries	Maharashtra
Tata Chemicals	Gujarat, Uttar Pradesh
India Glycols	Gujarat, Uttarakhand
Gujarat Heavy Chemicals	Gujarat
Philips Carbon	Gujarat, West Bengal
Gujarat Alkali	Gujarat
Gujarat Flurochem	Gujarat

* Source - www.moneycontrol.com

Geographical Segment 10 - Chemical Industry Sector

The Indian chemical industry is concentrated in the western states of Gujarat and Maharashtra. Rajasthan, Uttar Pradesh and Uttarakhand in Northern India are also major chemical hubs.



Construction Sector

Construction sector in India remains buoyant due to increased demand from real estate and infrastructure projects throughout the country. The construction market contributes nearly 7 per cent to India's GDP. Further, by 2025, India's construction

market is expected to emerge as the third largest in the world [48]. It employs 33 million people [49].

Growing urbanization in India is leading to growing demand for quality housing and improved civic amenities. Apart from the Smart Cities project, the Government's 'Housing for All by 2022' will be a major game changer for the industry.

Township housing and infrastructure are expected to become major drivers for the construction sector in the immediate future. Some of the major projects under planning and implementation are the Delhi Mumbai Industrial Corridor, The Western and Eastern Dedicated Freight Corridor, new greenfield airports in Mumbai, Goa and Jewar (near Delhi), the Sagarmala project consisting of new ports, coastal economic zones, inland waterways and highways. The ongoing modernization of urban transportation is many Indian cities (such as the metro systems) is also fuelling the growth of the construction sector.

The Indian construction industry comprises about 200 firms in the corporate sector. In addition to these firms, there are about 120,000 class A contractors registered with various government construction bodies. There are thousands of small contractors, which compete for small jobs or work as sub-contractors of prime or other contractors.

The leading Construction/Contracting Companies in India and their Headquarters are given in Table 19 below.

Table 22 - Leading Construction Companies in India

Company	Location
Larsen & Toubro	Mumbai, NCR Delhi
DLF	NCR Delhi
Tata Projects	Secundrabad
Gammon India	Mumbai
Sobha Developers Ltd	Bangalore
Shapoorji Pallonji & Co	Mumbai
NCC Ltd	Hyderabad
Punj Lloyd	NCR
GMR Group	NCR Delhi
GVK Group	Secundrabad

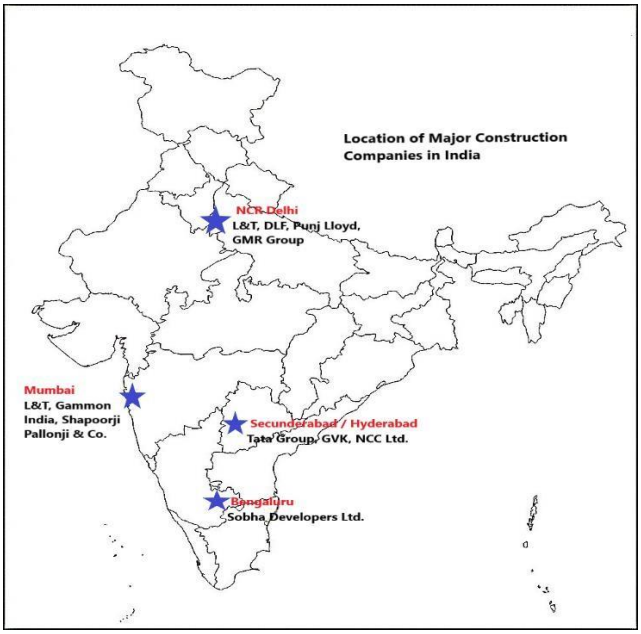
* Source – IGEP Analysis

[48] Source – Business Standard

[49] Source – The Hindu

Geographical Segment 11 - Construction Sector

The major construction companies are located in NCR Delhi, MMR Mumbai, Bangalore and Hyderabad / Secunderabad.



Food Processing Sector

India is the largest producer of milk, bananas, mangoes, guavas, papaya, ginger, okra, second largest producer of wheat, rice, fruits, vegetables, tea, sugarcane and cashew nut and the third largest producer of cereals, coconut, lettuce, chicory, nutmeg, mace, cardamom and pepper globally.

The Food Processing Industry has emerged as one of the important segments in terms of its contribution to Indian economy. it contributes 9 % and 11% of GDP in Manufacturing and Agriculture sector respectively.

The number of registered food processing units has increased from 37,450 in 2013-14 to 38,608 in 2014-15. India exported agriculture, food and marine products worth $ 32. 17 billion in 2017-18.

The Indian government has sanctioned the setting up of 42 mega food parks in various states in India. So far 8 have been operationalized and the remaining are expected to be commissioned in the next 2 years.

There are 80 meat processing abattoirs approved by the Agriculture and Processed Food Products Export Development Authority (APEDA) [50]. The states with the maximum number of Abattoirs are in Uttar Pradesh, Maharashtra and Telangana.

[50] Source – The Agriculture and Processed Food Products Export Development Authority

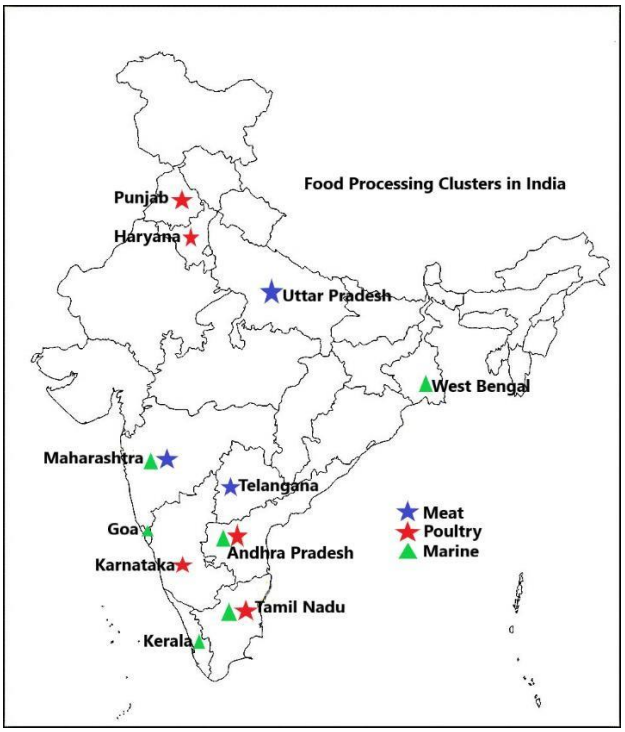
There are 547 marine product export units in India approved by the Marine Products Export Development Authority [51]. The majority are located in the states of Kerala, Tamil Nadu, Andhra Pradesh, Maharashtra, Goa and West Bengal.

India is now among the biggest egg and broiler producers in the world. The state of Andhra Pradesh alone produces over 30% of the country's eggs, with other top-producing states being Tamil Nadu (15%), Karnataka (8%) and Punjab & Haryana (14%).

Punjab in North India is a major agriculture and food processing state. The state also has approx. 40% share of the total warehousing & storage capacity in India for cereals and other crops. Several MNCs such as Nestle, Pepsico and GlaxoSmithKline have production plants in the state.

Geographical Segment 12 - Food Processing Sector

Uttar Pradesh, Maharashtra and Telangana are some of the major meat producing states in India and many export-oriented meat processing plants are located in these states. Most of India's marine export units are located in states of Kerala, Andhra Pradesh, Goa, Tamil Nadu, Maharashtra and West Bengal. Andhra Pradesh, Tamil Nadu, Punjab and Haryana are strong in the poultry segment.
Punjab and Haryana in North India are strong agrarian states producing wheat, rice and other staples.



[51] Source – The Marine Products Export Development Authority

11. Special Focus on using India's Offshore Buying / Sourcing Agencies as a Gateway to Western Markets

Background

The period from 2000 up-to 2012 saw India's merchandise exports grow steadily especially the textiles, leather, carpets, gem and jewellery and engineering product sectors.

During this time, there were approximately 600 – 700 buying houses, agents and sourcing departments of several large western retail companies in India. Many of them were specialized in the sourcing of textiles, readymade garments, handicrafts, leather goods, carpets, home furnishing and engineering goods. During this period, India was also seen as a major competitor to China. However, the advent of increasing competition from emerging countries such as Bangladesh, Vietnam and Cambodia, where production costs and custom duties were lower, saw India's exports in many of these product lines (with the exception of engineering products) decline or stagnate. Another reason for India to lose out to these countries in these export sectors was that logistics costs remained very high in India compared to competing countries. Very little was done to improve India's inland transportation network and ports.

As a result, many of the buying and sourcing companies and agents relocated to these countries or operate out of Hong Kong or Singapore.

However, sourcing activities still remain strong in India. Unlike China, Vietnam or Bangladesh who specialize in large volume orders, India is preferred by many buyers for smaller volume orders. Additionally, the emerging e-commerce sector in India is attracting global interest. For example, Amazon and Wal-Mart are investing heavily in India in the e-commerce sector. The opening of the single brand retail and wholesale cash & carry business for 100 % foreign direct investment (FDI) has seen many global retailers such as IKEA, Tesco, Metro and Wal-Mart opening up stores in the country. For entry into the single brand retail sector, the Indian government mandates sourcing of at least 30 % of the products from India.

Can Sri Lankan Exporters Utilize the Services of these Agencies?

Yes, they can. However, the terms and conditions have to be negotiated between the companies and the sourcing agencies. For many agencies, the fees would be on project to project basis based on deliverables.

Some of the established sourcing companies having office in India are given in Table 20 below:

Table 23 - Prominent Sourcing Companies Bases in India

Sourcing Company	Website
Pinnacle Sourcing	www.pinnaclesourcing.net
Dragon Sourcing	www.dragonsourcing.com
Hermes-Otto International	www.hermesworld.com
Portfolio Sourcing India	www.sourcingindia.com
Walmart Global Sourcing India	http://www.wal-martindia.in/
ET2C	www.et2c.com

* Compiled by IGEP

12. Key Recommendations for Business Development

12.1 Participation in Trade Fairs in India

To gain a greater visibility and brand recognition for Sri Lankan glove manufacturers in the Indian market, it is recommended to participate in industry focused trade fairs in India. These trade fairs are:

1) Medical Fair India: For medical surgical and examination gloves it is recommended to participate in 'Medical Fair India' which is a yearly event held alternatively in Mumbai and New Delhi. It is considered as India's no. 1 trade show for the medical equipment, diagnostic and medical consumables sector. The next edition of the fair will be held in New Delhi in 21 – 23 Feb 2019. The organizer of the fair is Messe Duesseldorf of Germany. Details about this fair can be seen in the website - www.md-india.com

2) OSH India: For industrial gloves it is recommended to participate in OSH India which is considered as one of the most important fairs in India on occupational safety and Personal Protective Equipment (PPE). The yearly event is held in two cities (on different dates) - Mumbai and Hyderabad. We recommend your participation in Mumbai. The next event in Mumbai is scheduled in 29 – 30 November, 2018 and 27 – 28 June, 2019 in Hyderabad. The organizer of the show is UBM India Pvt Ltd (www.oshindia.com)

Malaysian and Chinese companies have been participating in Medical Fair India successfully in the past few years along with their respective industry associations. The key benefits which can be derived are:

a) Keeping in constant touch with your market and distribution channels
b) Gaining new importers/distributors
c) Getting acquainted with current trends in glove using patterns and changes
d) Meeting and interacting with key decision makers in user industries
e) Based on feedback received from meetings with industry users, giving inputs to your respective R&D departments to develop new models and varieties of gloves for Indian market

12.2 Maintaining a Permanent Presence in India

In order for reinforcing and strengthening your links with the Indian market it is advised to have a permanent presence in India. This can be in the form of establishing a

subsidiary in India or through an agreement with market support organization such as IGEP.

Having a permanent contact point in India is useful for the following purposes:

1) To act as an interface between the Sri Lankan exporters and Indian market.
2) To facilitate participation in government procurement contracts through tenders.
3) Vendor registration assistance in government owned entities such as ONGC, GAIL, AIIMS, BHEL, etc.
4) Act as an information and contact point for customers in India.
5) For responding immediately for any product enquiries received. Follow up with key business leads generated through trade enquiries or after the completion of a trade fair.

12.3 Creating Opportunities for New Products

Despite the fact India is a large consumer market for gloves, it is still in an evolving stage. As the Sri Lankan companies have strong Research and Development wings, it is important that they keep track of developments in the Indian market. Some of major export-oriented sectors display a greater willingness to adopt newtechnologies that goes to strengthen their production and process control standards.

The Sri Lankan companies should disseminate and highlight their latest product models and innovations to Indian end users through

1. Emails to procurement departments of Indian companies
2. Publishing articles in key Indian industry specific journals

12.4 Supply to Government Hospitals / Organizations

Though international suppliers can register in the vendor list of Government hospitals and other organizations, they will be required to give the names of a local contact person and contact details in the tender document. This is because, for any clarifications that might be required, the organization will contact the local person. Additionally, any foreign company that supplies goods and/or services to recipients in India, but who has no fixed place of business or residence in India are mandatorily required to obtain GST registration.

12.5 Follow Up Activities

Strong follow up activities are necessary to ensure that the interest remains strong among the Indian buyers introduced during the B2B event in New Delhi. The Sri Lankan companies have to keep in touch with the companies whom they met in the

B2B event. The best way to do so is to send the follow-up email after the meeting. They can do it through their representative in India or directly from Sri Lanka. In case they need the assistance of IGEP we can assist them.

12. 6 Develop Contacts with End User Customers

Develop contacts with the end user customers, i.e. hospitals and companies. Similar to Medanta, other private hospital chains should also be contacted which has the potential to generate good business. Decision making in private hospitals (for purchase) is much faster than government hospitals and normally the procurement department is vested with all the powers to place orders.

12.7 Generating Brand Awareness

With companies, especially in automotive, chemical, pharmaceutical and food processing, international companies such as Ansell, 3M and Honeywell have established a strong presence in the industrial glove segment. Gloves are imported by the companies directly from these glove manufacturers. The Sri Lankan glove companies should establish a long-term rapport with the procurement departments of these companies and ensure that some of their brands find long-term acceptance of many of the industrial processes. This has to be done with the partnership of some Indian importers/buyers (who are expected to have good contacts in the specified industry).

12.8 Organizing Product Specific Conferences in India

In addition to participating in specific trade fairs related to their products, it is recommended that they should also periodically organize one day conferences or workshops either in New Delhi, Mumbai or Chennai. The conference theme could be introducing a new product or highlighting the benefits of any particular existing products. End user companies/hospitals and distributors can be invited for these conferences which can strengthen the bond with the Indian market. It has been observed that Malaysia holds such conferences on a regular basis in addition to participation regularly in trade fairs.

13. List of Industry Associations/Chambers

a. AIRIA-All India Rubber Industries Associations (approx. 150 members)

Contact Details:

Mr. Raman
601, Pramukh Plaza, B-Wing,
485 Cardinal Gracious Road, Chakala,
Andheri (E) Mumbai-400099
Ph.No-022 28392095/2107
E-mail-id- info@allindiarubber.net

b. Indian Rubber Manufacturers Research Association (approx. 150 members)

Contact Details:

254/1 B, Rd Number 16U,Nehru Nagar,
Wagle industrial Estate,
Thane West, Maharastra-400604
Ph.No-022-67873200
E-mail-id-info@irmra.org

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- Department of Commerce, Govt. of India – www.commerce.gov.in
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