



## 2005 Country Progress Report : INDIA

### SECTION I - GENERAL CONDITION UPDATE

#### 1.1 Electronic Commerce(EC) / Electronic Data Interchange (EDI) Users

With the increased level of consumers' comfort with online functions like e-mail, internet etc. a higher level of participation in e-commerce is assured. The escalating growth of Web-based businesses is leading to e-commerce both on the B2B and the B2C sides. The next five years will see large growth in e-commerce that would positively impact small businesses that have established themselves as legitimate, trustworthy merchants. Most companies have recognized that they need to create and execute an e-commerce strategy.

The industry association has indicated that despite a larger base, the Indian software and services industry has been able to maintain its growth momentum and delivered better-than-expected results. Software exports, the mainstay of the industry, grossed US\$ 12 billion in FY 2004-05, up from US\$ 9.2 billion in 2003-04, indicating growth of 30.4 percent for the year."

#### 1.2 EC Market size & Growth

As per a study E-commerce in India is projected to grow 10 times in value over the next five years. E-commerce is expected to surge to US\$ 44.2 billion by 2005.

A recent survey by an Indian research organization finds that more and more Indian Internet users are opening their wallets online. The report finds there are currently more than 4.2 million shoppers online in India.

The emergence of low cost airlines and online ticket booking along with growth in online railway reservation will drive the e-Commerce boom in 2005-06. e-Commerce is expected to clock a growth of over 60% of the US\$ 227 million transactions. In 2004-05, 63% of online revenue was generated between airlines and railway ticketing amounting to over US\$ 79 million.

The telecom sector which was growing in the range of 22 – 25% till 2002-03 has shifted to a higher growth path in the range of 35 – 40%. The total number of phones has reached 92.9 million as on December 31, 2004.

In the broadband policy announced in Oct. 2004 the main emphasis is on the creation of infrastructure through various technologies that can contribute to the growth of broadband services. These technologies include optical fibre, asymmetric digital subscriber lines (ADSL), cable TV network, DTH etc. It is estimated that the number of broadband subscribers would be 3 million by 2005, 9 million by 2007 and 20 million by 2010.



## **SECTION II – EDIFACT/ebXML/XML BASED STANDARDS DEVELOPMENT**

### **2.1 Message Development Activities**

A project has been launched in the Port sector to standardize the message exchange with community partners. A web based uniform system is being implemented for all the major Ports.

### **2.2 Awareness and Education Programs**

The Indian Institute of Foreign Trade (IIFT) organized a Programme on Globalisation "WTO and Developing Countries for ESCAP Countries" from Feb. 14 -18, 2005 in New Delhi. A program on "WTO and new Trade Regime, Colombo Plan" was also conducted by IIFT at New Delhi from Feb. 28 to March 4, 2005

The Department of Information Technology (DIT), Government of India has been supporting the research and development effort in the areas of electronics and information technology at various institutions. To disseminate information on these technologies and products developed through this effort among the users and the industry, the Department has been organizing, an annual event, Electronics and Information Technology Exposition (ELITEX), which is now an eagerly awaited event in the calendar of technology meets. ELITEX-2005 was held during April 25-26, 2005 at India Habitat Centre, New Delhi, India. The theme for ELITEX-2005 was 'Grassroot Applications using ICT'.

AISECT-2004 was organized from 16.12.04 to 18.12.04 in Bhopal. AISECT-2004 provided a forum for sharing success stories and lessons learnt from Information and Communications Technology (ICT) related Regional, National and Internationally funded research and other Govt., NGO based and private initiatives so that use of ICT in education and development could be speeded up.

## **SECTION III – Trade Facilitation / eBusiness / eCommerce Related PROJECT UPDATES**

### **3.1 Regulatory Sector**

#### **3.1.1 Directorate General of Foreign Trade**

##### **3.1.1.1 Nature of Project**

Directorate General of Foreign Trade (DGFT) is an organisation under Department of Commerce, Ministry of Commerce and Industry engaged in formulation of export-import Policy of the country and its administer. All types of licenses required for export and import within the country are issued by this organisation. The interface with trade and industry is provided by the



33 offices of DGFT scattered through out the country. EC/EDI implementation stipulates day to day electronic interface with trade and industry and related organisation for electronic delivery of services.

### 3.1.1.2 Status

Computerisation and networking of all the 33 offices of the DGFT has been completed. Software for all export promotion schemes has been operationalised.

DGFT has launched a web based electronic application filing system. The facility of Web Based on-line and off-line submission and processing of application is operational in all the offices. Licenses are now issued in 6 hours compared to 45 days earlier. The web based electronic filing system is integrated with Banks to facilitate electronic payments.

Digital Signature and online receipt of application fee have been integrated into the license application processing. The electronic interface with Customs is also operationalised using digitally signed documents. This would reduces the frauds to minimum and online clearance of goods by Customs also becomes a reality saving months of precious time for trading community.

## 3.1.2 Indian Customs EDI System (ICES)

### 3.1.2.1 Nature of Project

ICES is a customs clearance system providing paperless transactions in the Customs House. The system is integrated with users and Bank. Import/export documents, Clearance messages are transmitted over the network to/from the Custom House Agents (CHAs) and trading community.

### 3.1.2.2 Status

The ICES provides online assessment, duty payment and clearances as well as connectivity with the custom house agents, banks, custodians like the Airports Authority of India, Port Trusts, Container Corporation of India etc, Reserve Bank of India, Export Promotion Councils, Director General of Foreign Trade, Director General of Commercial Intelligence and Statistics besides a host of other Governmental and Non Governmental agencies. It has following important features:

- Electronic filing of Goods Declarations.
- Paperless processing of the electronically filed declaration in a manner that is transparent and accountable.
- Electronic messaging with the banks for the collection of duties and disbursement of duty drawback.
- Designed to handle electronic messaging with all agencies concerned with cargo clearance.
- Single point of interface of trade with Customs.
- Varieties of information access channels are available to the trading



community through

- Enquiry Counters
- Touch Screen Kiosks
- Interactive Voice Response System
- SMS on GSM mobile phones
- Service Centres
- Helpdesks
- Help mails
- Web based Systems

E-filing has been facilitated through the customs e-commerce gateway (ICEGATE), which enables the importer/exporter/agents to file their import and export documents from their offices and receive assessment and duty payment related messages. It has been operationalised for all 33 locations. Online help desk has been created for the users of the system. The Customs has also started functioning as certifying authority for its domain.

### **3.1.3 Drawback & Duty Payment System**

#### **3.1.3.1 Nature of Project**

Customs duty payments are done electronically by having debit orders issued against exporters/importers bank accounts and crediting the Customs account automatically in the Bank. Duty notices and advice of payments are integrated with Customs ICES system. The drawback payments to exporters have also been automated through ICES.

#### **3.1.3.2 Status**

The bank branches are connected with the Customs EDI system for duty payments and drawback disbursements. Export – Drawback scroll is sent electronically at all locations.

## **3.2 Port sector**

### **3.2.1 Port EDI system**

#### **3.2.1.1 Nature of Project**

Eleven Major Ports (Kolkata, Chennai, Cochin, Tuticorin, Mumbai, JNPT, Goa, New Mangalore, Vishapatnam, Kandla and Paradip ) are under the ambit of EDI implementation. Out of which the six ports i.e Kolkata, Chennai, Cochin, Tuticorin, Mumbai and JNPT handle substantial volume of containers. These ports are implementing systems for Efficient cargo management and tracking, Port Automation, Uniform procedure/ documentation, Electronic sharing of information with all trading partners (like Customs, Container Corporation of India Ltd. (CONCOR), Banks, Shipping lines, Freight Forwarders, etc), Advance shipment information availability at all ports, etc.,



### 3.2.1.2 Status

All the 11 major ports are equipped with hardware, software and networking. This covers 75% of sea trade. The electronic interface with Customs, Banks, shipping lines, agents, freight forwarders etc. is operational. A uniform/centralized web based – Port Community System (PCS) is being planned at all the major ports to provide a single window message exchange with community partners.

## 3.2.2 Container Management System

### 3.2.2.1 Nature of Project

A system for having interface for Electronic sharing of information with trading partners like Customs, Port Trusts etc., and automation for efficient cargo movement and cargo tracking is under process.

### 3.2.2.2 Status

CONCOR has VSAT based network at 55 CONCOR locations across India with ISDN backup network. CONCOR has implemented the customized ERP packages based on centralized architecture. The Export/Import Terminal Management System (ETMS) with uniform automation has been implemented at 38 locations on Centralized architecture for the EXIM business. Message interface with Customs is operational at Delhi and Ahmedabad. An online container tracking system is operational, which is integrated with Indian Railways to provide exact location of container on a route. A web based community partner message exchange system has also been made operational with shipping lines.

## 3.3 Air Sector

### 3.3.1 Nature of Project

The community partners in Air sector facilitates EC/EDI based processing into the clearance of export and import consignments. The community partners in this case are Airports Authority of India(AAI), Airlines, Customs, Banks, Agents etc. The EDI based cargo handling system and Electronic interface between trading partners is to be established.

### 3.3.2 Status

The seven international airports at Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore and Trivandrum have established electronic message exchange with Customs. A web based system for AAI's electronic interface with Airlines, Agents, Banks etc. is operational. The system provides interface with airlines, agents, banks etc. The integration of automatic data capturing tools in the automation of AAI is also being done.



## 3.4 Financial Sector

### 3.4.1 Nature of Project

The project is for implementation of intra-bank, inter-bank, and bank-user electronic interface establishment for facilitation of electronic receipts/payments.

### 3.4.2 Status

Banks have established electronic message exchange with major players in international trade like Customs, DGFT, Ports, Airports etc. Real Time Gross Settlement (RTGS) has been made operational by the Reserve Bank of India. The system provides for inter-bank settlement of funds on a real time mode and 5717 bank branches are connected with RTGS.

All export intensive centers (106 centers identified for the purpose) are connected and facilitates electronic transactions. The digital signatures are available through Institute for Development & Research in Banking Technology for banking sector. Electronic interface with major international trade agencies likes Customs, DGFT, Ports, Airports has been established.