

South Asian Trade and Non-Tariff Barriers

An Indian Case Study with Special Focus on WMSMEs

Background & Rationale

Despite being the second fastest growing region after East Asia, South Asia is one of the least integrated regions in the world with limited economic cooperation amongst the eight countries comprising the South Asian Association for Regional Cooperation (SAARC).

Other than domestic constraints, non-tariff barriers (NTBs) are some of the most important factors responsible for the low-level of intra-regional trade.

There exists a range of supply and demand side constraints, which limit the full potential of growth and development of micro, small and medium enterprises in general and women owned and/or dominated MSMEs in particular.

NTBs also negatively impact the development of mutually beneficial regional value chains and production processes of regional markets, which are now increasingly attractive for diversification given the noticeable dip in the demand for goods and services in other markets.

Micro, small and medium enterprises (MSMEs) are recognised as an important source of employment and poverty alleviation especially for women across countries in the region.

Women-led/owned/dominated MSMEs constitute a major source of formal and informal sector employment for women in South Asian countries. However, the average growth rate of Women owned Micro, Small and Medium Enterprises

(WMSMEs) is significantly lower than the average growth rate of MSMEs run by men.

In South Asia only 8-9 percent of small and medium sized enterprises (SMEs) are owned by women compared to 38-47 percent of the same in East Asia, Central Asia and Eastern Europe.

It is worthwhile to strengthen their participation in the regional markets while leveraging their existing and potential roles in the creation and strengthening of regional value chains.

CUTS aims to identify constraints faced by WMSMEs that includes regional trade barriers affecting their participation in regional markets.

Therefore, in order to identify the operational challenges faced by WMSMEs, the Asia-Pacific Regional Centre of the United Nations Development Programme has initiated a project entitled 'Promoting WMSMEs for Inclusive, Equitable and Sustainable Development in South Asia' with financial assistance from the Department of Foreign Affairs and Trade, Government of Australia.

Objectives

- identify specific constraints faced and special policy support requirements by WMSMEs in India
- identify issues related to regional markets such as non-tariff/trade facilitation linked barriers
- provide policy recommendations to ease and/or manage the identified constraints



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Methodology

- Desk research will include a literature review that will assess the involvement of women in MSMEs and the constraints faced by WMSMEs in different sectors
- Based on the literature review, a number of products will be selected that have regional trade potential and can help Indian WMSMEs expand their business
- Field-based surveys will be conducted among WMSMEs and traders to identify barriers they face in business and trade including both policy level and operational barriers on the ground
- The survey will cover a number of enterprises from across several sectors. It

Our study will identify specific constraints and special policy support requirements for Indian WMSMEs for their greater engagement in intra-regional trade in South Asia.

will be focussed on sectors with high concentration of WMSMEs and high untapped potential for India's trade with rest of South Asia

- Based on the results of the literature review and field survey, a report will be prepared so as to provide suggestions to overcome the identified barriers
- A revised study will be completed based on the feedback received from the private sector, WMSMEs, government officials and other experts on this subject

Outputs

- A literature review of the economic profile of WMSMEs in India, status of their trade engagement, with specific focus on intra-regional trade in South Asia
- A study outlining the scope of research and framing of recommendations for reforms, and subsequent dissemination and policy advocacy
- Based on the research report, a national consultation meeting will be conducted which will involve representatives from private sectors particularly from among identified WMSMEs, officials from relevant ministries, and experts to discuss the findings
- A project completion report including report of the national consultation meeting

This project seeks to influence reforms in government policies and financial schemes for the betterment of WMSMEs in India.

Expected Outcomes

- A strong case will be made for trade liberalisation in South Asia along specific value chains – market linkages and how women will be benefitted from the strengthening of such linkages
- There will be special emphasis on women's economic empowerment through trade