IMPORT EXPORT INDUSTRY

Monday, July 6, 2020

Summer Internship Report

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PART A – INDUSTRY ANALYSIS

1 INDUSTRY DETAILS

1.1 Industry classification

There is no country in the world nowadays that produces all of the commodities it needs. Every country, therefore, attempts to produce those commodities wherein it has a comparative advantage. It exchanges a part of those supplies with the commodities created through different international locations comparatively extra resourcefully. The relative transformation in issue endowments, technology, taste, etc., among the international locations of the arena, has significantly broadened the rules of international trade.

It is therefore the reality that the import-export business has greater possible power than almost any other enterprise. For the last two decades, international trade has grown immensely at some stage in the world and is still continuing its upward trend. Although international trade isn't a brand new phenomenon, the roots of exchange between the countries and nations are antique as human beings itself and were called the barter system.

Despite the truth that the sector is referred to as the global village and the change among the international locations is expanding swiftly and the fewer countries are dominating over International alternate, there are still plenty of opportunities for producers and manufacturers to find out and getting advantages from new markets.

There are two primary categories of import-export:

1. Industrial items are made up of machinery, manufacturing vegetation and materials, and any different good or factor used by other industries or firms. Consumer items are equipped for the consumption and pleasure of human wants, including apparel or food.
2. Intermediate goods including partly finished goods are used as inputs within the manufacturing of other items including final items.

A corporation may make and then use intermediate goods, or make and then sell, or purchase then use them.

Import and export trade today influences almost all people in the world. Imports and exports enable each country to make excellent use of its most plentiful resources. By exporting its surplus, whether or not raw substances along with coal, semi-finished merchandise inclusive of cotton stuff, or finished merchandise together with computers, a rustic earns the money to import some other nation's surplus. Import-export alternate includes the building of places of work or flowers in foreign countries, sending technical or other professionals abroad, and expanding the distribution of a product into the international marketplace.

About one-fifth of folks in non-public employment is engaged in sports linked to import or export. Each sort of import or export arrangement requires numerous jobs to organize, develop, and hold the deal. The jobs vary with the services or products supplied and with the company's dreams for the product distant places. Many overseas jobs are temporary, as when businesses send humans professionals in setting up a manufacturing technique or getting to know a new market for some years.

The industry also involves transport organizations and the worldwide community of ports, rail terminals, truck depots, and airports via which merchandise passes. An import-export alternate is closely influenced by means of government guidelines that affect the cost of the currency, set import duties that have to be paid, set quotas proscribing imports, impose standards on imported products (which include protection requirements or inspection for pests), impose embargoes in opposition to rogue nations, or create a call for items that home producers cannot meet.

1.2 Historical landmarks

Since ancient times, exchange with foreign lands has been in exercise in India. If one turns the pages of history, it's miles discovered that alternate with distant lands existed given that as far again as 1100 B.C. The presence of Dhaka muslin at the mummies determined from Egyptian pyramids proves the recognition of Indian goods and exchange thereof. The Egyptians used to name this cloth - Gazetica. According to Madan Mohan Malviya, Indian items have been very famous in countries like Rome. India had a huge fleet of ships and this was the medium of its foreign trade. Goods had been additionally imported from numerous countries like chinaware from China, silk and pearls from Srilanka, etc.

Trade at some point of the Harappan Civilization

The commercial enterprise became the mover at some stage in the Indus civilization. The people dealt in stone bones etc. But for the kind of goods, they made, the raw fabric became no longer abundantly available within the adjoining regions. The humans carried their items and in all likelihood grains too in boat and bullock cart in neighbouring regions and exchanged these for metal. As in keeping with esopotamian documentation of around 2356 B.C., there has been some alternate with Meluha. This changed into the name of the Indus Valley. The Harappan people had commercial relations in Rajasthan with Afghanistan and Iran. They had established a market in northern Afghanistan.

Trade in the Buddha Period

During the Buddha period, all major cities were located on river banks close to the trade routes and had been connected to each other. Shravasti changed into related to both Kaushambi and Varanasi. Varanasi turned into an outstanding change center throughout the Buddha's time. Traders used to go throughout the Ganges from Patna to Rajgeer. The use of cash as a medium of change promoted commerce.

1.3 Business scope

It is no secret today that the boom and opportunity of international commercial enterprise in India has grown manifold than it turned into a decade back. Our government is taking several steps to boost the increase of the manufacturing quarter as well. Different rules had been adopted by using the government with a view to assisting in a home in addition to international alternate from the country. What's more, it will not most effectively inspire young marketers however will also assist in growing job possibilities for those dwelling in India.

A crucial part of putting in your very own export commercial enterprise ideas in India is an intensive understanding of different products that have a potential international market with a good possibility. As an entrepreneur, you will want to have a clear idea of the marketplace where you intend to sell your products. Instead of trying out all the market on the go, you can goal at the extraordinary markets at a time and try to discover which products are in remarkable demand and whether there may be an increase inside the business with the products you are willing to offer. This will do away with the chances of incurring losses with the incorrect choice of merchandise or markets. You should make a move toward unique markets on a concern basis to recognize the sample of sales and needs in those areas. Not handiest that, but we also need to have a clear picture of various export legal guidelines that applies to that precise region, state and country so you don't face any criminal difficulties at the same time as undertaking your commercial enterprise.

1.4 Markets

India's top 10 export partners over 5 years contributed around 51% of its total exports in 2018. The list of partners and export trends during 2014-2018 are as follows:

1. India-USA
2. India-China
3. India-UAE
4. India-Hong Kong
5. India-Singapore
6. India-United Kingdom
7. India-Bangladesh
8. India-Germany
9. India-Netherlands
10. India-Nepal

	2014	2015	2016	2017	2018
World	317.54	264.38	260.33	295.85	323.06
United States of America	42.68	40.31	41.99	46.06	51.6
United Arab Emirates	32.92	29.99	30.04	30.01	29
China	13.43	9.58	8.92	12.49	16.4
Hong Kong, China	13.41	12.15	13.21	15.02	13.21
Singapore	9.68	7.81	7.35	11.57	10.43
United Kingdom	9.67	8.89	8.57	8.96	9.78
Germany	7.75	7.02	7.18	8.24	8.97
Bangladesh	6.26	5.52	5.67	7.21	8.75
Netherlands	6.76	4.88	4.87	5.43	8.65
Nepal	4.19	3.20	4.53	5.52	7.29

India’s top 10 import partners over 5 years have been US, UAE, China, Saudi Arabia and Iraq.

1. India-USA
2. India-China
3. India-UAE
4. India-Iraq
5. India-Saudi Arabia
6. India-Switzerland
7. India-South Korea
8. India-Indonesia
9. India-Hong Kong
10. India-Iran

	2014	2015	2016	2017	2018
World	459.37	390.74	356.7	444.05	507.58
China	58.23	61.6	60.48	71.97	73.74
United States of America	20.44	20.46	20.4	24.1	32.64
Saudi Arabia	32.7	21.35	18.46	21.06	28.36
United Arab Emirates	27.29	20.28	19.24	23.09	26.78
Iraq	16.07	11.3	9.97	15.31	23.06
Switzerland	21.13	21.11	14.86	20.39	18.03
Korea, Republic of	13.44	13.09	12.21	16.11	16.36
Indonesia	15.18	13.90	12.19	16.23	16.03
Hong Kong	6.14	5.96	7.12	11.00	15.90
Iran, Islamic Republic of	11.25	6.23	8.25	11.06	14.77

2 INDUSTRY STRUCTURE

2.1 General nature of competition

The World Economic Forum defines “competitiveness” as a country’s ability to sustain high growth rates. The concept of competitiveness is quite evolutionary and dynamic in nature and covers almost all aspects of economic activities. A number of factors can influence a company’s export performance, whether it will be a successful result or there are some hinders for that. A number of researches have been made to reveal what factors contribute to export success or hinder it, in other words what factors can be determined as barriers. It is quite obvious to suppose that different companies accommodate resources in different proportions.

Exports by using multi-product companies dominate world change flows. Variations in these exchange flow throughout locations replicate in part the choices by way of multi-product corporations to differ the range in their export products throughout destinations with unique marketplace conditions.

Differences in market sizes and geography generate differences in the toughness of opposition across markets. Tougher opposition shifts down the complete distribution of mark-ups across merchandise and induce companies to skew their export sales in the direction of their better-performing merchandise.

Three major factors affect the degree of competition among businesses. These factors are the number of companies, business cost, and product differences.

Number of Competition

When many companies are selling the same product, there may appear to be a high degree of competition. However, if just a few large firm control the major portion of sales, then competition is limited

Business cost

The cost of doing business often affects competition. Expensive equipment or having to compete against well-known brands prevent new companies from starting. These are commonly called barriers to entry. If a business needs large amount of capital and equipment to start operations, only a few companies are likely to enter the market. Or if existing company has an established brand name, it will be very costly for new companies to make their name known.

Product Differences

The third factor that creates competition is product differences. Companies use advertising, brand name, packages, and ingredients to convince consumers that their product is different and better. The addition of flavouring to toothpaste and pump on an athletic shoe are examples of attempts by companies to gain a competitive advantage.

At present, Indian exporters face a number of problems. The problem demotivates the business firms to enter into foreign markets. These problems are as follows.

Recession in world market

Due to recession, the demand for several Indian items such as Gems and Jewellery, Textiles and Clothing and other items were badly hit. During recession, exporters get low orders from overseas markets, and they have to quote lower prices. Therefore, exporter gets law profits or suffers from losses.

Technological differences

The developed countries are equipped with sophisticated technologies capable of transforming raw materials into finished goods on a large scale. Less developed countries, on the other hand, lack technical knowledge and latest equipment's. And therefore they have to use their old and out-dated technologies. It leads to the lopsided development in the international market.

Reduction in export Incentives

Over the years, the Govt. of India has reduced export incentives such as reduction in DBK rates, withdrawal of income tax benefits for majority of exporters, etc. The reduction in export incentives demotivates exporters to export in the overseas markets.

Problem of product standards

Developed countries insist on high product standards from developing countries like India. The products from developing countries like India are subject to product tests in the importing countries. At times, the importing countries do not allow imports of certain items like fruits, textiles and other items on the grounds of excessive toxic content. Therefore Indian exporters lose markets especially in developed countries.

High risk and Uncertainties

Export marketing is subject to high risks and uncertainties. The risks may be both political and commercial. Political risks involve government instability, war, civil disturbances, etc. The commercial risks involve insolvency of the buyer, protracted default on the part of the buyer dispute on quality and so on

Competition from China India is facing stiff competition from China in the world markets, especially in the OECD markets. As a result, India‘s share of export of OECD markets has declined from 53% of total exports in 2000-01 to about 38% in 2007-08. Some of the Indian exporters have lost their overseas contracts due to cheap Chinese goods and supplies. This is the major problem of exporters.

2.2 Economic policy

After the independence (1947 to 1991) Government of India was following a mixed economy combining the features of capitalism and socialism. This resulted in the interventions by the Govt., i.e. encouraging exports and controlling or substituting imports. But Foreign Trade is very crucial for a country's economic development as it has made an increasingly significant contribution to economic growth and substantially to the economic welfare of the people. The foreign trade of a country consists of inward and outward movement of goods and services, which results in outflow and inflow of foreign exchange from one country to another country. No country in the world possesses adequate facilities for the economical production of all the goods and services that are consumed by its people.

This implies that there is no single country that is self-sufficient in the sense that no country can produce all the goods that it needs. Hence, the need to import goods and export goods with each other arises. Economies of scale and international specialization which are also the fruits of scientific and technological progress in the world would become accessible through import and export. Developing countries like India need more goods to feed a rapidly growing population. Exports can be a leading sector in growth. This means that increased profits from better marketability of a country's commodities within the international marketplace might stimulate the indigenous commercial activity within the country.

This will result in brings many distinct benefits, i.e., greater utilization of resources, larger employment opportunities, more foreign exchange, etc. It was so thoughtful of that foreign trade would build a powerful contribution to a country's development. Hence, it's thought of not merely a tool for achieving productive potency however additionally an associate engine of growth. International trade has currently become an important part of development strategy and it is an efficient instrument of the economic process, employment generation, and associated economic condition alleviation in an economy.

India adopted liberal and free-market-oriented policy and liberalized its economy to the international arena in 1991. With the Liberalization, Privatization and Globalization of the Indian economy and the government policies on exports and imports also changed. The Indian economy has changed along with the changes in policies of the government. The government policies like the EXIM policy of the government put some products earlier in the restricted trade list now came into the open general list and moreover the number of products within the restricted list has currently brought all the way down to somewhere around 200 and placed in the open general list. With the liberalization within the licensing policy, several of the Indian companies entered into business with a private or with joint ventures to try and do export and import business. Many of the foreign countries which were members of the trading blocks like SAARC, WTO entered India to do export and import business.

The Department of Commerce has the mandate to form India a serious player in international trade and assume a task of leadership in international trade organizations corresponding with India's growing importance. The Department devises artefact and country-specific strategy within the medium term and strategic plan/vision and India's foreign national trading policy in the long-standing time.

India's foreign national trading policy (FTP) provides the essential framework of policy and strategy for promoting exports and trade. It's periodically reviewed to adapt to the ever-changing domestic and international situations.

The Department is additionally answerable for multipartite and bilateral industrial relations, special economic zones (SEZs), state commerce, export promotion, and trade facilitation, and development and regulation of bound export-oriented industries and commodities.

The current foreign national trading policy (2015-20) focuses on up India's market share in existing markets and merchandise furthermore as exploring new products and new markets. India's foreign national trading policy conjointly envisages serving to exporters leverage advantages of GST, closely watching export performances, up to simple commerce across borders, increasing realization from India's agriculture-based exports, and promoting exports from MSMEs and effortful sectors. The Department of Commerce has additionally wanted to form states active partners in exports. As a consequence, state governments are currently actively developing export ways to support the strengths of their individual sectors.

3 EXTERNAL ENVIRONMENT FACTORS

3.1 Suppliers

It is important to consider the external environment of a firm is that the suppliers of its inputs appreciate raw materials and parts. the sleek and economical operating of a firm needs that it ought to have ensured the provision of inputs appreciate raw materials. If the provision of raw materials is unsure, then a firm can get to keep an outsized stock of raw materials to continue its transformation method uninterrupted. This can unnecessarily raise its price of production and cut back its gross margin.

To ensure a daily offer of inputs like raw materials some companies adopt a technique of backward integration and got wind of captive production plants for manufacturing raw materials themselves.

Further, energy input is a very important input within the manufacturer. several massive companies appreciate Reliance industries have their own power generating plants therefore on guarantee regular offer of electricity for his or her manufacturer. However, tiny companies cannot adopt this strategy of consolidation and got to rely on outside sources for the provision of required inputs.

Further, it's not a decent strategy to rely on one provider of inputs. If there's an interruption within the production of the provider firm thanks to a labour strike or lock-out, it'll adversely have an effect on the produc-tion work of a firm. Therefore, to scale back risk and uncertainty business corporations value more highly to keep multiple suppliers of inputs.

3.2 Trade Policies

Barriers to trade additionally have an effect on the balance of exports and imports for a given country. Policies that prohibit imports or subsidize exports modification the relative costs of these merchandises, creating it a lot of or less enticing to import or export. to Illustrate, agricultural subsidies may cut back the value of agricultural activities, encouraging a lot of production for export. Import quotas raise the relative costs of foreign merchandise, which reduces demand.

Nations that are insular and have restrictive trade policies, equivalent to high import tariffs and duties, may have larger trade deficits than countries with open trade policies since they will be kept out of export markets as a result of these impediments to trade.

There are non-tariff barriers to trade. an absence of infrastructure could be a notable one because it will increase the relative price of obtaining merchandise to plug. This will increase the worth for those products and reduces a nation's fight on the worldwide market, which successively reduces exports.

3.3 Exchange rates

A domestic currency that has appreciated considerably could create a challenge to the cost-competitiveness of exporters, who could realize themselves priced out of export markets. This might pressure a nation's visible balance.

3.4 Foreign currency reserves

To contend effectively in extraordinarily competitive international markets, a nation should have access to foreign machinery that enhances productivity, which can be troublesome if forex reserves are inadequate.

3.5 Inflation

If inflation is running rampant during a country, the worth to supply a unit of a product could also be more than the price during a lower-inflation country. This may have an effect on exports, so touching the visible balance.

4 PRODUCTS / SERVICES

A key thing about any export business could be a clear understanding and elaborate information about the product to be exported. The chosen product should be in demand within the countries wherever it's to be exported. Before creating any choice, one ought to conjointly think about the assorted government policies related to the export of a specific product.

Whether firms are exportation the primary time or are in export trade for an extended time - it's higher for each the teams to be organized and systematic in characteristic the correct product. It’s not comfortable to own all necessary knowledge 'in your mind' - however equally vital to place everything on paper and in a very structured manner. Once this job is finished, it becomes easier to seek out the gaps within the collected data and take necessary corrective actions.

There are products that sell additional usually than alternative products within the international market. it's not terribly troublesome to seek out them from varied marketing research tools. However, such a product can invariably have additional sellers and consequently more competition and fewer margins. On the opposite hand - a distinct segment product might have less competition and higher-margin - however, there'll be so much fewer consumers.

The fact of the matter is - all product sell, tho' in variable degrees and there are positive further as flip sides in no matter call you are taking - fashionable or niche product.

4.1 Pricing

In the era of Global Market Economy and fierce competition, the importance of accurate costing of products need not be overemphasized. Inaccurate costing can lead to either losing of orders or loss of profits. Export / Import pricing is the most important tool for promoting sales and contesting international competition. Exporter / Importer has to face domestic producers in the export market, producers in other competing supplying countries and domestic producer’s in one owns the country. Costs, Demand, and Competition are the three important factors that determine the price. The price for export /import should be as realistic as possible.

The exporter/importer has to exclude cost for domestic production which is not applicable for export/import and add those elements of costs that are relevant to export/import product. Exporter/importer has to compete with manufacturers formal over the world. Hence, his price has to be realistic considering all export/import benefits and prices in the foreign market. There is no fixed formula for successful export/import pricing. It differs from importer to importer exporter to exporter depending upon whether the exporter is a merchant exporter or manufacturer exporter or exporting through a canalizing agency. Exporter/importer has to assess the strength of his competitor And anticipate the move of competitors in the market of operation. The exporter/importer can still be competitive with higher prices with a better delivery package or added advantage.

There are several pricing strategies available:

- Static pricing – charging the same price to all customers
- Flexible pricing – adjusting prices for different types of customers
- Full cost-based pricing – covering both fixed and variable costs of the export sale
- Marginal cost – covering only the variable costs of production and exporting, while you pay overhead and other fixed costs out of domestic sales
- Penetration pricing – keeping your price low to attract more customers, discourage competitors and gain quick market share
- Price skimming – pricing the product high to make optimum profit among high-end consumers while there is little competition

4.2 Distribution structure

A good distribution strategy can determine the simplest sales channels for the firm and tell them a way to exploit them. Exportation will open up new opportunities, fuel growth, and dramatically boost your takings and profits. Commercialism the products and services abroad will massively increase the client base – and therefore the profits. However made exportation depends on understanding wherever sensible sales opportunities lie and the way best to require advantage of them

Distribution channel necessities

Many corporations notice it more cost effective to sell through alternative companies instead of on to the end-user. A stapler manufacturer can in all probability sell through an workplace provides distributor instead of individual stationery retailers. Even service suppliers use partnering methods – a carpet-fitter operating alongside a carpet distributor, for instance.

Different approaches used to market goods versus services

Factor	For marketing goods	For marketing services
Demonstrations	Sample product	Presentation of capabilities
Initial marketing by	Sales representatives	Firm's principals
What do you market?	Your product	Your firm *and* your services
Local market presence	Sales/distribution facility	Office or virtual office in target market
Cultural factors	Product design and packaging	Interpersonal dynamics
Local associations	Distributors, marketers	Service industry
Local events	Trade shows	Conferences (as speaker)
Media	Product advertising	Press coverage
Local partners	Production/distribution firms	Other service firms
Government procurement	Goods acquisition	Services contracts

The choice of distribution channel also will be influenced by what the corporate want's to try and do. They may want a channel that showcases their product, let's say, or provides installation and client support. If they need to make relationships with end-users, they'll want a sales channel that offers them direct management.

5 CUSTOMERS

5.1 Customer profiling

Knowing who the potential clients are, is usually not enough when selling globally. Clients from different regions, countries will have different habits and behaviours, expectations. Sometimes if the company understands where the clients are from, then they will be able to predict their reactions that only in that area exist. From that, the company can give their clients the best advice to select the right products.

5.2 Segmentation of markets covered

Most exporters would not try selling their products into all market segments, particularly at launch. If they did, it would imply a “scattergun” approach and suggest they do not know where, if any, their customers are. It can also be very costly, particularly if marketing support is required and any “jam” is being thinly spread. Basically, carrying out a segmentation strategy is to concentrate on where the target customers are. Target segments should be identified through answering the following questions.

1. What products are bought?
2. Who buys them?
3. Why are they bought?
4. Where are they bought?

To start, the firm develops as accurate a profile of their target customer as possible and segment and focus on particular options, such as:

- The geographical location — north, south, east or west
- Customer size or industry/trade grouping
- Consumption/usage patterns
- The products/services you wish to market.

The potency of export, likewise as productive foreign economic relations, is decided by the properly selected international market. While economic relations develop, the needs of inhabitants grow and competition increases, the efficient organization of export market research becomes an especially important factor influencing the productive international trade of a company.

6 GREAT EASTERN SHIPPING COMPANY LIMITED

6.1 Growth story

G E Shipping owes its success to the foresightedness of two families - the Sheths and the Bhiwandiwallas, who started their own shipping line to help expand the reach of their trading businesses. In 1948, after obtaining the mothballed Liberty ship, SS Fort Elice, G E Shipping began its maiden voyage under the entrepreneurial genius of Vasant J.

1948 - The company was incorporated at Mumbai. The company has been promoted by A H Bhiwandiwalla & Co. (Mumbai) Pvt. Ltd. The main activities of the company to own, purchase, charter ships, boats & sea going vessels.

1984 - M/s. Suvibha Investment Co. Ltd & Great Eastern Shipping Co. Ltd. are subsidiaries of the company. - The Company issued 12,77,500-13.5% secured redeemable convertible bonds of Rs 100 each as rights to equity shareholders. 1985 - The London branch of the Company was converted into a wholly owned subsidiary under the name and style of "The Great Eastern Shipping Company (London) Limited."

1988 - The Company acquired four ships and renamed then as "Jag Vijay", "Jag Rani", "Jag Rahat" and "Jag Kala". 1989 - The Company acquired three more bulk carriers and renamed them as m.v. "Jag Ratna", m.v. "Jag Vikas" and m.v. "Jag Ravi". Another bulk carrier was renamed on m.v. "Jag Rashmi". 1990 - Suvibha Investment Co. Ltd. changed its name to Prime Securities Ltd. - The Company however, switched its trade patterns increasingly to voyage charter which meant large operating reserves but also much additional costs on account of bunkers, port dues, light and canal dues etc. The Company acquired 5 more ships of which one was a bulk carrier and the other 4 were offshore supply vessels.

1992 -The Company was the first to acquire ships under the self-financing scheme. Under this scheme, ships have been purchased by arranging exchange credit abroad and foreign exchange loans. The Company succeeded in acquiring 5 ships under this scheme.

6.2 Organisation culture

The Foundation facilitates social volunteering opportunities for the various employees of the Great Eastern Group. The aim is to nurture a dynamic employee engagement culture at Great Eastern wherein employees are exposed to different social realities. Furthermore, by including employees as a key component in all CSR projects, the Foundation aims to move beyond basic compliance and foster a real sense of 'Corporate Social Awareness' in the organization, thereby helping employees experience the joy of sharing.

Here are some of the testimonials for the same

Capt Ashish Mishra
Tanker Operations - Senior Manager

We are a family here, and that's what makes Great Eastern different from other organizations. And as family, the organization is always looking for future potential within and encouraging its employee to strive for excellence. From a successful sea - career to now, helping and guiding the seafarers on board, my thirteen years (and counting) at Great Eastern Shipping has been both rewarding and satisfying.

Anand Narayan
Chartering - Dry,
Deputy General Manager

I have been with Great Eastern since 2001 which has been rewarding both personally and professionally. The work culture provides a learning environment and a supportive atmosphere which helps in building one's career.The management is team driven with an inclusive mind set where the suggestions and opinions of employees are always taken on board.

At GE Shipping, the term 'Safety' is not just limited to life and cargo but also encompasses protection of the environment as well as maintenance and up gradation of vessels at regular intervals. The company has a proactive safety culture in place and has taken several initiatives that make it one of the safest names to work with, in the industry.

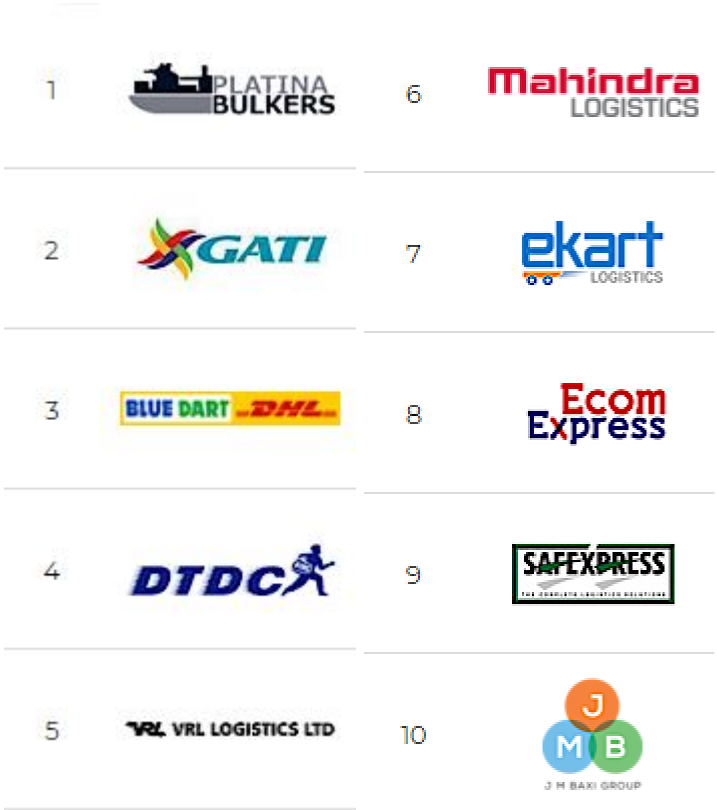
6.3 History and growth patterns

The Great Eastern Shipping Co. Ltd. is India's largest private sector shipping company and one of the leading maritime and shipping companies in the world. For over 60 years the company has been a pioneer in the shipping and maritime industry by creating many firsts for the nation and the industry. Today the company commands a reputable position globally and in India and serves some of the biggest clients around the world.

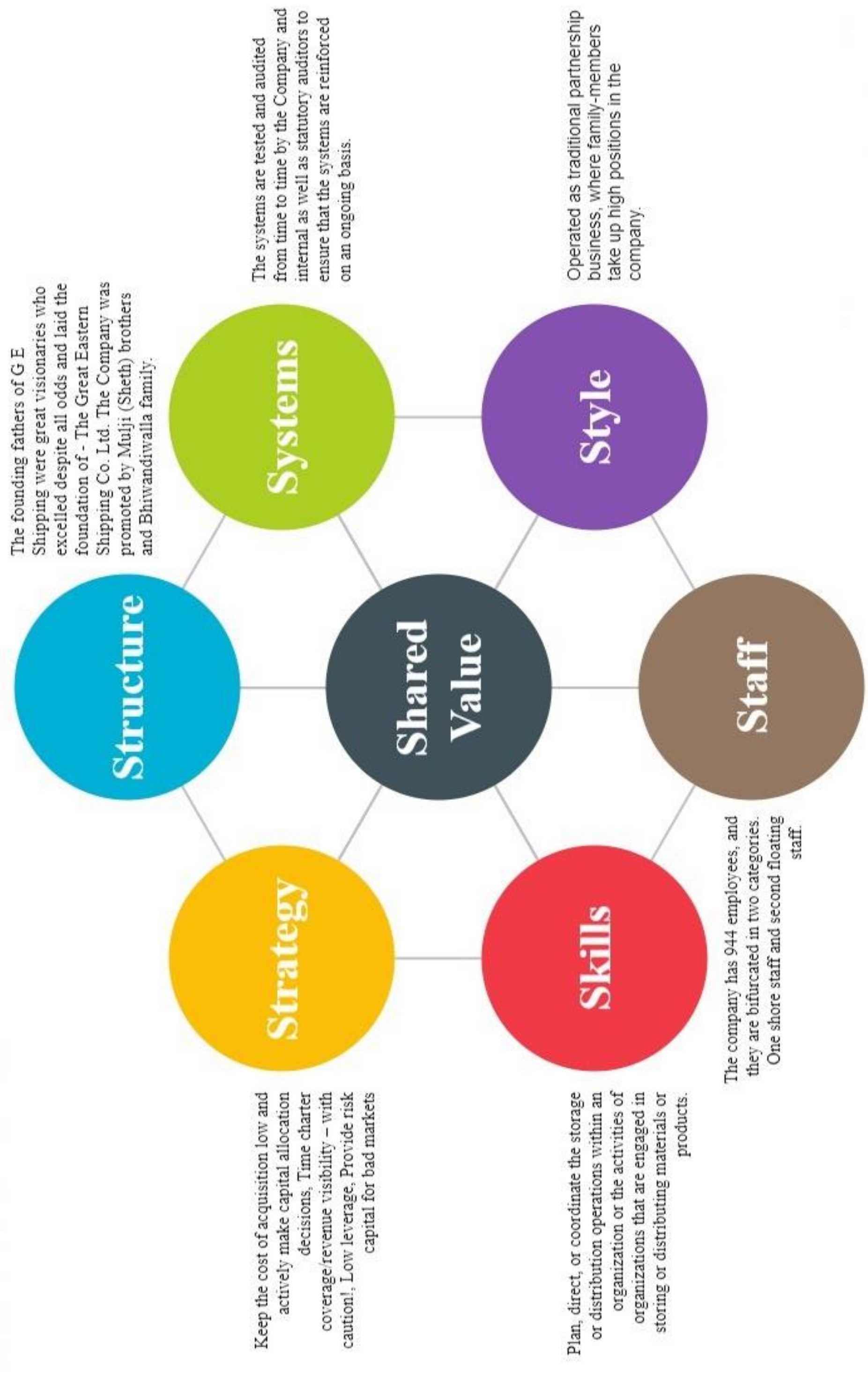
6.4 Achievements and recognition

The Great Eastern Shipping Co. Ltd. has been awarded many certifications and recognitions over the years. This goes to highlight the fact that the company adheres to the highest standards in the industry. The company is an ISO 9001:2008, ISO 1400:2001, OHSAS 18001:2007 certified organization and places extra emphasis on safety and quality.

6.7 Top 10 competitors in the market



7 7-S FRAME WORK



8 PORTER'S FRAME WORK

Porter's five forces is a framework for analysis of industry and development of business strategy, it also determines the competitive intensity and attractiveness of a market. Attractiveness is with regard to overall profitability of industry while unattractiveness drives down profitability.

1. Threat of New Entry

Import / Export industry is quite profitable as cargo has to move across the world but issues involved in setting up a Import / Export company are large capital investments in the form of vessels, operating risk of a vessel and the cargo availability.

Import / Export Industry has following characteristics:

- High capital requirement
- Profit margin is high.
- Chance of expansion into new sector is less.
- Government restriction is less as industry is globally driven

Overall threat of the new entry is moderate to high.

2. Threat of Substitution

Substitution threat is the result of change in buyer behaviour towards competitor or against company. Substitution may also result due to change in quality of service, increase in freight rates and increase in transit time. It may affect the company to certain extent as they have to start new search of customer, establish strong relations and educate them on company policies and systems.

In this present world people won't compromise for anything. If they are not satisfied by the service they will jump to other substitutes who can give better rates and services.

- Availability of the substitutes is high.
- Price of substitutes is high.

- Quality and performance of the substitutes is high.
- Switching cost is high.

Overall threat of substitutes is moderate to high.

3. Bargaining Power of Suppliers

Suppliers barely make any difference to companies involved in Import / Export line business, especially to the dominating Import / Export companies. While it may affect to certain extent to small players who are struggling to establish within the industry. The bargaining power can be summarized as follows:

- Number of the suppliers is high.
- Price factor of the suppliers is high.
- Profit of the supplier is less.
- Switching cost of the supplier is high.
- Operating cost is high.

Overall bargaining power of suppliers is low.

4. Bargaining Power of Buyer

Buyer is one of the strongest factors in Import / Export line business. Buyers may be in form of importer or exporter, clearing agent, freight forwarder or manufacturer of goods.

Import / Export business is based on two main core factors price and quality of service. Price refers to rate at which one container is decided by Import / Export company to transport from one place to another. Due to much competition in this sector bargaining power of buyer has increased in relation to the price. The bargaining power of buyer is summarized as follows:

- Numbers of the customers are high.
- Switching cost is low.
- Customer's information and awareness is less.

- Customer's ability to demand is high.
- Freight forwarders and clearing agents are high.

Number of customers is high in this field due to the export and import of goods from different parts of the world. But the similar price and quality will lessen the attractiveness. Customer's ability for demand is high, because operators are in threat of losing customers. Switching cost of customers is low because of more number of operators.

Overall bargaining power of Buyers/customers is high.

5. Competitive Rivalry/ Competitive Environment

Rivalry exists in every field and it is part of the day to day businesses. It is sometimes bad because companies have to share hard earned profits with competitors and sometimes goods because it gives opportunities to one company to stand in line with another in terms of quality of service, business strategy, job satisfaction etc. The competitive rivalry can be summarized as follows:

- Number of competitors is high.
- Industry growth is high.
- Competitor's move to new customer is low.

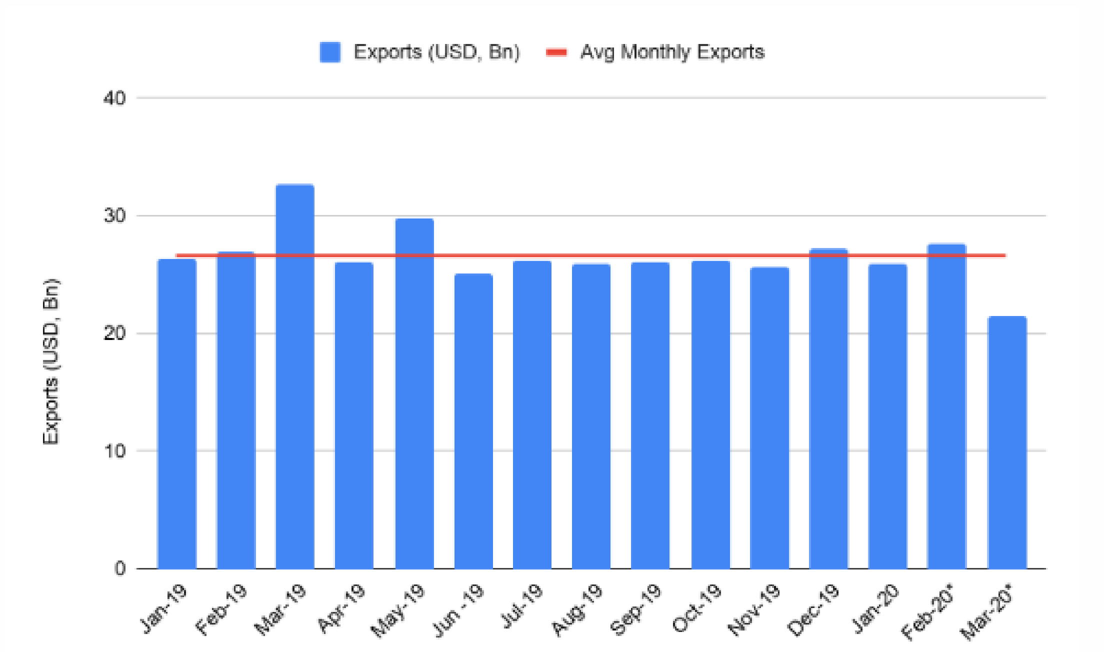
Overall competition in the industry is high.

PART B – IMPACT OF COVID – 19

1 CURRENT SITUATION

The world is witnessing the carnage of the novel coronavirus (COVID-19) pandemic. There has been a significant loss of human lives and the global economy has also felt the impact severely. Global markets are in free fall with supply-chain disruption and manufacturing falling to the lowest levels in decades. With indices fluctuating wildly and crude oil futures hitting negative prices on the dollar, this is uncharted territory for traders and policymakers alike.

The provisional data for March exports, released by the Ministry of Commerce at the end of April, reveals a grim situation. This fall of approximately 35% year-on-year, as compared to March 2019 ($32.72 billion), is touching a multi-year low, and the figures are bound to fall further.



India is an important trading partner with many countries across the world. Although running a trade deficit, the gap between the country's imports and exports has been steadily declining in recent months. Due to a crash in global oil prices, this trend is likely to continue further too. India's supremacy in specific sectors such as mineral fuels, gems & jewellery, pharmaceuticals, chemicals, textiles, engineering goods and food commodities has contributed to it becoming a key part of the global value chain.

Most likely fallout of the COVID-19 pandemic is that countries are increasingly likely to adopt more and more protectionist measures. While countries, particularly those exporting finished manufacturing goods, with established export markets, are likely to wade through such an environment, those like India that are dependent on intermediate and agricultural exports and are on the lookout to tap newer markets, are likely to find the going tougher.

With India in a lockdown and a large chunk of its workforce, particularly those employed in Micro, Small and Medium Enterprises (MSMEs), back in the hinterlands, there's another major concern. Even if demand from existing export markets were to come back in the medium to long run, it's unlikely that our exporters would be in any position to cater to them. And with competitors only too willing to pounce on such an opportunity, India runs the risk of losing some of its export markets permanently.

While the gloom and doom surrounding COVID-19 is palpable, the crisis might also throw up some great opportunities for India. There are already reports of several Western manufacturers looking at moving their factories out of China. Many Indian chemical producers have gone on record at having received enquiries from Western manufacturers who earlier never used to look towards India as a source. Tapping these opportunities, however, will require some serious innovation on the policy front.

2 FUTURE PREDICTION

Normally, a critical component of a traditional trade forecasting model is a consensus GDP forecast by region. However, existing GDP forecasts this year had not yet incorporated impacts of the health related global shut down on GDP.

In the future state—which might arrive within the next six months, by some estimates—supply chains will be under pressure to get back to “normal” quickly as governments around the world allow businesses to come back online. Some companies will have to ramp up production from zero to full steam. Others may see a longer-term reduction in demand as business normalizes. Or perhaps the global Covid-19 downturn will extend deep into 2021.

Whatever the case, it is fair to say that the transition back to business as usual will put stress on most companies’ cash reserves. In this environment, many will need to pull all the liquidity levers available to them, including using supply chain finance to provide immediate liquidity relief to distressed suppliers. A diversified funding mix will be crucial to accessing the cash required to meet current-state and future-state business requirements.

3 SUGGESTIONS

Despite considerable uncertainty, there are four actions that can be taken now

1. Boost confidence in trade and global markets by improving transparency

   A strong, shared, transparent information base is critical in underpinning sound national policy responses and the international co-operation to keep trade flowing. It will be critical that countries honour their commitments to notify trade-related measures taken in response to COVID-19 to the World Trade Organisation (WTO). The OECD is sharing information on trade-related country actions on COVID-19 with WTO colleagues, and assessing the likely impact of these actions to help support policy makers dealing with the crisis.

2. Keep global supply chains going, especially for essentials

   An important priority is keeping the key supply chains for essential goods for the crisis – including medical supplies, food products and ICT goods and services – open and functioning.

3. Avoid making things worse

   There are many unavoidable costs in the current pandemic; all the more reason to avoid actions that add to costs for traders and consumers. Chief among these is the need to avoid export restrictions on essential goods, such as medical equipment and, especially, food products. Currently, more than 60 countries3 have restricted exports of essential goods and increasingly agriculture and food products.

4 Look beyond the immediate: Policy actions now could have a long life

While countries are necessarily focused on ensuring the health and economic security of their people today, the OECD can play a particularly important role in looking ahead and, in light of past and current experiences, contribute to helping governments ensure a recovery that is robust, widespread, and sustainable. Some key issues, and areas of OECD work, are highlighted below.