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Canton-type mega expos are a gateway to global trade. Is India ready to host them?



Anant Srivastava can't get enough of **global trade fairs**. The Ghaziabad-based home furnishing exporter says these expos give him 20-40% of his business leads. So when the government recently announced plans to organise international trade fairs in **India**, thousands of **MSME** players like Srivastava were all ears.

"In exports, generating business leads is the main factor that decides the viability of a firm. Many of my fellow businessmen attend global fairs to secure leads. I know of many firms whose entire operational cycle is customised towards meeting orders from global fairs," says Srivastava, director at **Skier Export** and Import Pvt Ltd.

This government announcement means that these businesspersons, especially MSMEs, will have a platform in the country itself to display their goods and services to an international audience. They won't have to go to Messe Frankfurt in Germany, **Gulfood Manufacturing** in Dubai, the **Canton Fair** in China and other such destinations to showcase their capabilities, generate interest, start negotiations and, with some luck, close business deals. This burdens them with travel, accommodation and transportation costs — some have to take their machinery and equipment, too.

The red tape to make such a trip can be disheartening, especially as the visit can turn fruitless due to many reasons. In fact, this reporter had reported on July 17 (**Recessionary winds make Indian traders give European fairs a miss**) that MSME players were thinking of skipping European fairs this year as depressed economic conditions across the world were making these trips unviable. But if the government's plan to conduct mega trade fairs in India materialises, these companies would be exposed to greater business prospects with very little hassle and expenses.

The government said it was looking to organise fairs in food, textiles and auto components, with an eye on 12% export growth by 2030. Even these three segments would do wonders to boost the world's fifth-largest economy to reach the target of \$2 trillion exports by 2030, say industry watchers. Conceding that the country's export numbers and global sentiments are down, they point out that expos and fairs can create a buzz and lift the mood of businesses. Expos will help more domestic players to connect with global value chains and expose them to international trends and best practices. Besides, the spillover gains of such an event will help domestic hospitality, transport, logistics and other segments.

Why expos are big

A Mordor Intelligence report validates some of these claims. European and Asian economies use exhibitions as business platforms to propel economic development and investments, it said. "Exhibition and events are some of the key enablers and catalysts of the economy." It estimated the India event and exhibition market at \$3,326.04 million in 2020, with a potential to reach \$6,740.63 million by 2026, registering a CAGR of 12.91% in 2021-2026. The Indian exhibition industry organises around 550 events annually and generates around Rs 26,500 crore a year. The Event and Entertainment Management Association (EEMA) has estimated the industry employs 10 million directly, and 50 million indirectly through allied sectors like food and beverage, hospitality, tourism, advertising and marketing, the Mordor report added.



Countries such as Germany, the UAE and China are able to be major trade fair destinations because of their economic prowess.



Given these numbers, the government's move becomes clearer. "I think it's a positive plan," says Sanjay K Jain, managing director of TT Limited, a New Delhi-based hosiery manufacturer and exporter. "It's better to have people coming to India than the whole of India going abroad. Many MSMEs are unable to go abroad and so miss opportunities to connect with customers."

The expo infrastructure received a massive boost recently with the world-class convention centre at Pragati Maidan, New Delhi. The government says one such facility exists in Greater Noida and another is coming up in Dwarka in Delhi. The recently renovated India Trade Promotion Organisation (ITPO) facility in Delhi is expected to be well-equipped to meet international standards and satisfy exhibitors' requirements.

Potholes in expo path

Critics, however, say the country's plan to join the ranks of global fair hosts highlights the gaps in infrastructure and ease of doing business. Countries such as Germany, the UAE and China are able to be major trade fair destinations because of their economic prowess. Emulating their success will not be a cakewalk, they say.

But Nagesh Kumar, the Director and Chief Executive of the Institute for Studies in Industrial Development (ISID), dismisses these concerns. He points out that the India Trade Promotion Organisation (ITPO) has been organising trade fairs for a long time; so there is some expertise in the country. The country has also been organising G20 summits at various cities. "One thing that the G20 experience has shown is that even 2-, 3-tier cities can host international events. This has never happened before," Kumar says. "Our system rises to the occasion. The world's largest congregations, like the Kumbh Melas, are organised in cities that are not known for great infrastructure. Massive tent cities come up in no time. I believe we should accept the challenge to host expos and allow the bureaucracy to rise to the occasion."

In his view, the government's nodal agency mandated to promote external trade can work with the sectoral trade organisations to effectively actualise this vision.

'Start the show first'

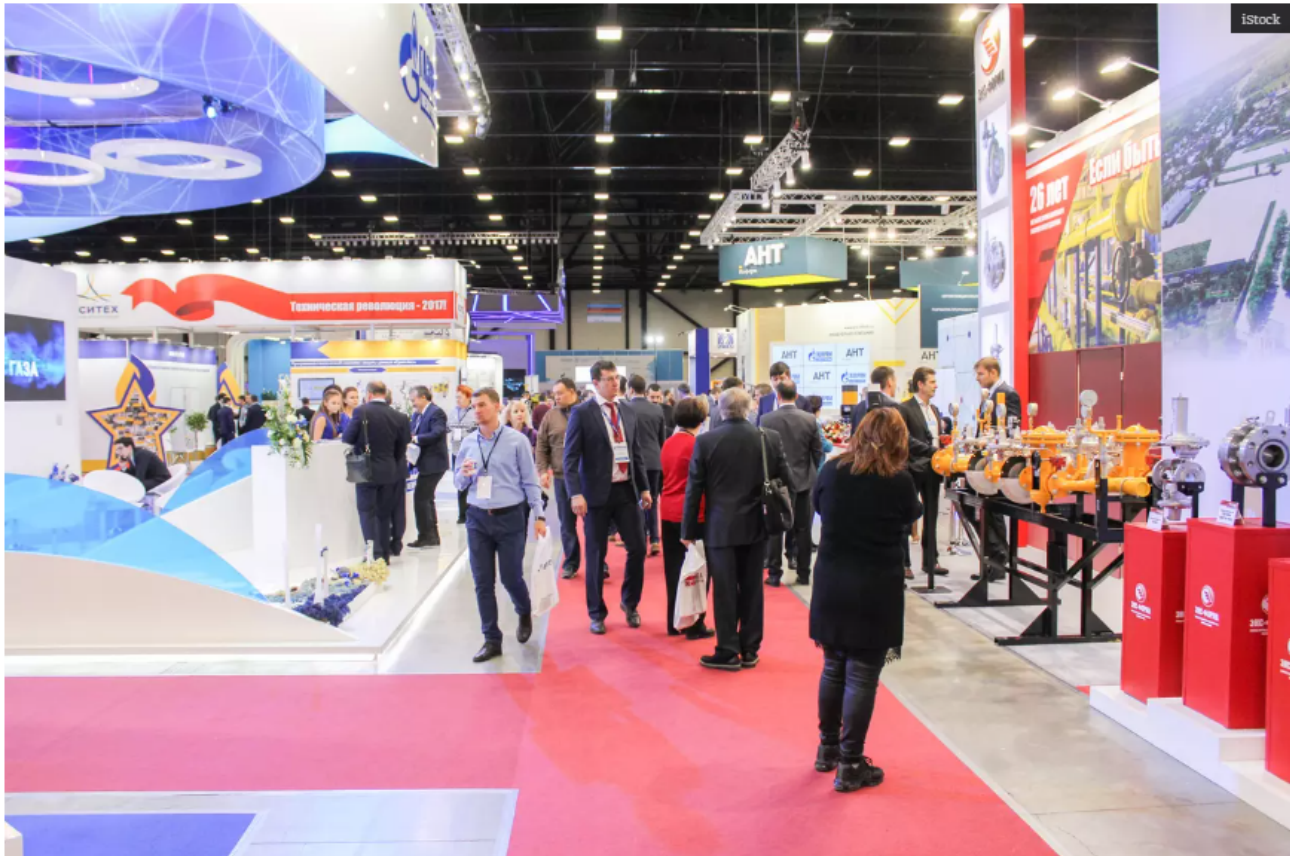
Industry players emphasise on the significance of taking action despite the gaps. Leverage available resources and showcase India's readiness to engage on a global scale, they say, as this demonstrates a forward-looking approach.

Jain of TT Limited says: "If we keep asking ourselves questions like 'are we ready?', we'll never be ready. We have to start somewhere. Our new Pragati Maidan expo centre is state-of-the-art and the best in the country. We believe it is good enough to make a start. There are sufficient hotels around, and Delhi is well-connected throughout the world."

Just having good airports isn't enough, say others. There should be seamless transportation networks to reach the convention centres. Foreign buyers may reach Delhi or Bengaluru airport easily but the road travel from there to the event venue can be long and unpleasant, discouraging them from further participation. Participants pay attention to accessibility to hotels, airports and the economic infrastructure of the local area.

Vikas Singh Chauhan, Director of the Home Textile Exporters Welfare Association (HEWA), suggests the government give special focus to airport-expo centre connectivity. For instance, establishing direct links between the Noida expo centre and the upcoming Noida airport could significantly attract participants to an event there.

While infrastructure in India has seen a commendable transformation with better roads and metro systems, many prominent expo centres still lack adequate parking facilities and sufficient washroom/restroom facilities.



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Vishal Dhingra, Chairman of Buying Agents Association (BAA) — which works to promote participation in international trade fairs and buyer-seller meets — is of the view that hosting fairs similar to the Canton Fair definitely poses certain challenges “as civic sense is certainly lacking in our community”. Parking has always been an issue at expo centres, so also serving hygienic food. “Most expo grounds, barring those in Delhi and Mumbai, fall short of international standards. There is a lot of catching up to do.”

But it can be done if the authorities adopt a long-term perspective, he says.

Apart from infrastructure development, he suggests that vendors be offered better export credits, subsidies or tax breaks to help them take on China and other nations. "They have the financial wherewithal to promote these. It should have done this 2-3 decades ago. Better late than never," Dhingra adds.

Problem of participation

The state governments will play a crucial role if such events are to be held across the country. So state administrations should take the lead to improve the expo ecosystem in tier-1 as well as tier-2 and -3 cities.

TT Limited's Jain proposes that the central government introduce a scheme to partially fund conveniently located exhibition centres, with the state government concerned contributing a certain amount of money or land.

Infrastructure aside, industry observers it is important to reassure buyers they are coming to a fruitful event. The primary motivation for buyers to participate in global fairs is the chance to meet quality buyers, says Vikas Singh Chauhan, Director of the Home Textile Exporters Welfare Association (HEWA). "If we want to really host Canton-type fairs, we need to reassure overseas business partners that their very objectives of attending a **trade expo** in India won't go to waste, and it will be a sure-shot win-win proposition," he says.

A problem here is Indian traders' preference for minimum order quantities. It discourages overseas buyers.

For example, even if an overseas buyer wants to start with a small order of 500 terry towels on a trial basis, Chinese and Vietnamese vendors will grab the opportunity. Indian companies, on the other hand, do not show the same enthusiasm for smaller deals and this weakens their ability to secure subsequent larger orders, explains Chauhan. This can be addressed if sectoral industry associations and apex bodies conduct sessions to educate exporters on the drawbacks of such inflexibility and the strategies employed by Chinese and Vietnamese sellers.

It is also important that expos adopt a futuristic approach and be marketed as the go-to destination for showcasing industry-first trends. Only then will overseas buyers prefer them, like the Canton Fair. "We should harness the potential of public-private partnerships to achieve this goal," adds Chauhan.

As multiple stakeholders refer to the Canton Fair, it is important to put it in perspective. Since its establishment in 1957, China's flagship trade congregation has generated business worth \$1.5 trillion for its attendees. The fair generates \$55-60 billion worth of business annually. Held over 1.5 million square metres, the fair sees approximately 35,000 exhibitors and half a million buyers from over 220 countries. In comparison, the India International Garment Fair (IIGF) — one of India's flagship events for exporters — sees approximately 3,000-5,000 exhibitors and 10,000 buyers from over 100 countries. The IIGF generates \$1 billion worth of business yearly and is held over 70,000-75,000 square metres in Delhi.

Playing to the strengths

While the Canton Fair is massive, industry stakeholders say India's inherent strengths can be leveraged to attract participants. The country already has a deep domestic market for all types of goods. It has a growing population that is earning. Skilled labour is in abundance. In the case of telecommunication, the country is already ahead of many developed countries.



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There is also a geographical advantage as the country can easily attract visitors from the East and West, says Vijay Kalantri, Chairman, WTC Mumbai, adding that India also has modern technology and e-visa facility. So organising a global event won't be the challenge.

However, he says, attracting foreign participants won't be that easy. "They have higher incentives to go to Dubai, Germany and other Asian countries as India is yet to become fully integrated with the global supply chain. To attract foreign buyers, the government can provide fiscal incentives to organise reverse buyer-seller meetings, besides introducing single-window clearance for all approvals to organise world-class trade fairs."

Kalantri also suggests giving industry status to the exhibition segment and then offering concessional tax treatment to promote better credit flow to this industry. The exhibition industry, especially the B2B segment, is clubbed under the meetings, incentives, conferences and exhibitions (MICE) industry, which also includes hospitality and tourism.

International trade fairs can give the government the high-octane fuel for the explosive growth required to make the economy reach \$5 trillion by 2025. India already has the strengths. All that is required is bringing them all together and a marketing blitzkrieg.

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