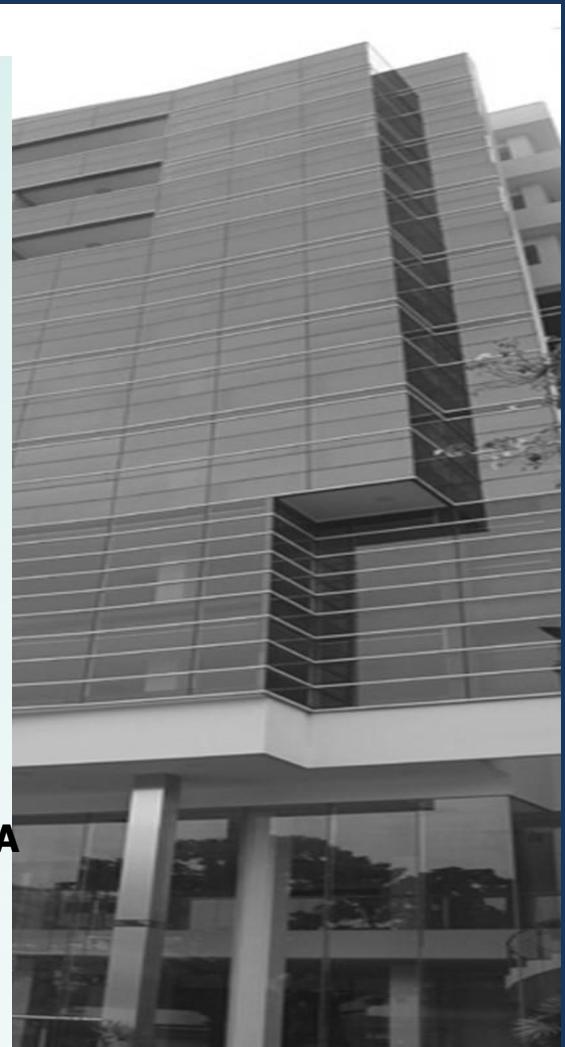




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## **BUSINESS OPPORTUNITIES FOR SRI LANKA IN WESTERN REGION OF INDIA**

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**DEPARTMENT OF COMMERCE**

**No.492, 2<sup>nd</sup> Floor  
L.H.P.Building, R.A.de Mel  
Mawatha  
Colombo 03  
011-2329733/2346114**

## **Business Opportunities for Sri Lanka in Western Region of India**

The western region of India constitutes two of the richest states in India, Maharashtra and Gujarat. In fact, the [richest state in India is Maharashtra](#), with a GDP of \$467 billion and Gujarat is the 3rd richest state in India with a GDP \$270 billion. Maharashtra and Gujarat have contributed 13.7% of the Nominal Gross Domestic production of India in 2020/21 period.

### **State of Maharashtra**

Maharashtra state occupies the western & central part of India and has 720 km long coastline along the Arabian Sea. For administrative convenience, the State has been divided into 36 districts and six revenue divisions. It is the second-most populous state in India with a population of 112 million which represent 9.3% of total population of India and it is the third-largest state by area with 308,000 sq. km. The state is in the westernmost part of India, and the state capital is Mumbai, which is India's financial capital where the Asia's oldest Stock Exchange, the Bombay Stock Exchange is located. Around 9% of total banking offices in India are located in Maharashtra. State is home to some of India's biggest companies, and the most important industries in the state are manufacturing,

mass media, international trade, petroleum, technology, aerospace, tourism, fashion, and apparel. The state also has a very strong agricultural sector with major agricultural products such as rice, wheat, cereals, sugar cane, cotton, ground nuts, sorghum, millet, etc. The sectoral composition of economic activities of the state are Agriculture: 51%, Industry: 9%, Services: 40%. The state is well connected through railways, roadways, airways & waterways and is one of the highly urbanized states in India. It also has sizable contribution in sports, arts, literature and social services. The state is home to the 'Bollywood', world-famous entertainment industry. [Per capita income of Maharashtra state in 2020 at current prices is US\\$ 2,575](#) whereas [per capita income of India is only US\\$ 1,691](#). Maharashtra rank 13<sup>th</sup> in the State- wise Doing business rank for India.

### **State of Gujarat**

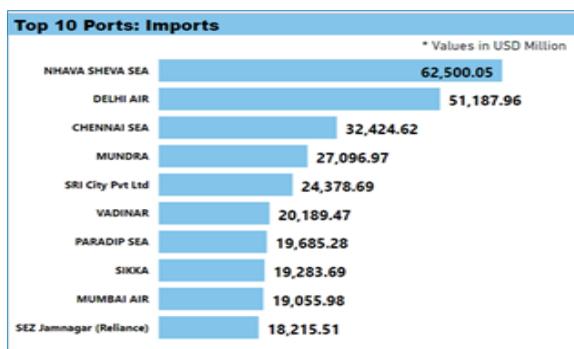
Gujarat state also occupy the west side of India and is strategically located with a coastline of 1600 km and is the nearest maritime outlet to Middle East, Africa and Europe in the Indian subcontinent. The State acts a natural gateway to the rich land-locked northern and central hinterland. Gulf of Khambhat and Gulf of Kutch in the state provides natural navigational safety and logistical advantage to northern and central parts of India and proximity to west Asia, Africa and Europe. It is one of India's major industrial states and is recognized as the

country's petroleum capital. Furthermore, Gujarat is the largest producer of processed diamonds globally and is the third-largest producer of denim. Additionally, Gujarat is a major trade and transportation hub with its 42 ports which are geographically dispersed across Gujarat, 18 domestic airports, and one international airport. The state has the highest number of operational ports and commercial cargo ports. The state ranks first in cargo throughput amongst all Indian ports. Gujarat ranks 10th in the state wise ease of doing business' ranking.

### India's Hub of International Trade

Maharashtra and Gujarat play a pivotal role in India's international merchandise trade. Following graph- A shows the top 10 ports handling India's imports in 2021. The chart is dominated by ports in Maharashtra (Nhava Sheva Sea port, Mumbai Air cargo port) and Gujarat (Mundra sea port, Vadinar sea port, Sikka sea port, SEZ Jamnagar)

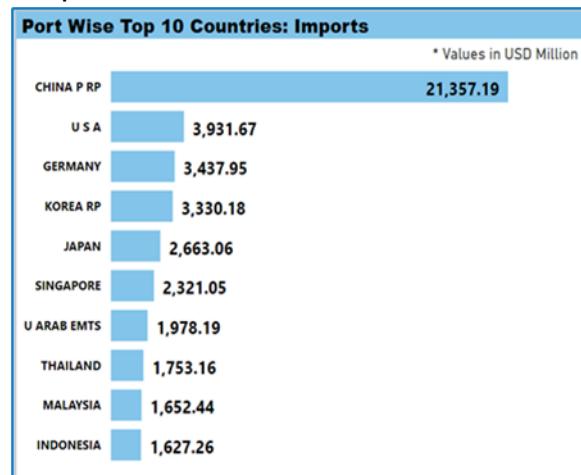
### Graph - A



Following graphs further illustrate the pattern of international trade conducted through the two major ports in the Maharashtra & Gujarat states when accessing Indian market.

Graph- B shows the top 10 import origin countries for commodities unloading at Nhava Sheva port in 2021. Nhava Sheva is the largest container port in India which also known as JNPT.

### Graph - B



Graph-C shows imports from Sri Lanka at Nhava Sheva port in 2021.

### Graph – C

Port	Country	PC Group Description	Values (In USD Million)
NHAVA SHEVA SEA	SRI LANKA DSR	FRESH FRUITS	7.4
		VEGETABLE OILS	7.2
		INDL. MACHNRY FOR DAIRY ETC	2.3
		RESIDUL CHEMICAL AND ALLED PROD	0.50
		ELECTRIC MACHINERY AND EQUIPME	0.28
		IRON AND STEEL	0.20
		AUTO COMPONENTS/PARTS	0.0
		PLASTIC RAW MATERIALS	0.19
		Total	17.86

As evident from above graphs, Sri Lankan exports coming to India through these two important ports are not at a satisfactory level when compared to the other east Asian countries such as Thailand, Malaysia and Indonesia, especially, considering that the cargos originating from these counties have to travel far more distance than of Sri Lanka. It highlights the lack of penetration of Sri Lankan products into these two lucrative markets with higher purchasing power than the rest of India. Sri Lanka's exports to India in year 2021 stood at US\$ 815.11 Mn. The major export items to India were animal feed, pepper, apparel, areca-nuts, petroleum products, scrap paper, bicycles, etc. Apart from apparel and few other items, Sri Lankan exports to India are not end consumer products. As a result, Sri Lanka is losing out on market opportunities to cater for the consumer demands of middle class in the rich states in India such as Maharashtra & Gujarat.

Therefore, the lack of interest or unawareness of business opportunities in the western region should be addressed as soon as possible. Most of the Sri Lankan exporters believe that India is a highly price sensitive market and that Sri Lankan products cannot compete in India. This may be true for certain parts of India, but in the western region of India where all the high-profile industrialists, business leaders, corporate professionals, film stars and the affluent middle class are based, number of

opportunities/niche markets are available to market unique products at premium prices. For example, the high-end supermarkets in Mumbai such as Godrej group owned 'Nature's Basket' and 'Spencer Retail' chains, Tata & Tesco owned 'Star Market' chain, Amazon & Samara Capital Pvt. Ltd owned 'More Retail' chain and Reliance group owned 'Reliance Retail' chain target upper middle class Mumbaikars and sell premium products. There is a very good demand for exotic fruits such as avocado, passion fruit, rambutan, sour-sop, Guava, star fruit, dragon fruit, pineapples, mangosteen, sapota, custard apple, tender jack fruit, wood-apple, etc. India does not produce enough of these fruits and considerable amounts of these fruits are imported from Latin American, East Asian and European countries. Retail prices in Mumbai and supplying countries for few fruit items are given below.

#### Avocado (HS 080440)

# Imported (Hass Variety) -INR  
1499/kg.  
# Local -INR 599/ kg.



Top Supplying countries of Avocado to India in 2020.

### Dragon Fruit (081090)

# Imported -INR 249/kg.

Supplier	Value (US\$ 000)	Share in India's imports (%)	Quantity imported (Ton)	Unit (USD/Ton)	value
Netherlands	571	43.1	201	2841	
New Zealand	375	28.3	94	3989	
Peru	344	26	118	2915	
Chile	32	2.4	4	8000	
Spain	3	0.2	1	3000	
Total	1325	100	418	3170	



Imported

Indian (Red flesh)

Top Supplying countries of fresh tamarinds, cashew apples, jackfruit, lychees, sapota plums, passion fruit, dragon fruits to India in 2020.

### Passion fruit (081090)

# Imported -INR 550/kg.

# Local -INR 400/ kg.



Imported



Indian

Supplier	Value (US\$ 000)	Share in India's imports (%)	Quantity imported (Tons)	Unit value (USD/unit)
Viet Nam	6890	55.6	7522	916
Thailand	4142	33.5	1966	2107
Afghanistan	728	5.9	577	1262
Madagascar	371	3	1103	336
Netherlands	129	1	38	3395
Total	12382	100	11235	1102

In addition to the above-mentioned exotic fruit products, there are opportunities to supply strawberries and

mangoes during the off season in India. Strawberry is a seasonal crop in India and available only between October–November and April–May period. But growers in Sri Lanka have the capability to grow strawberries throughout the year and these companies can secure orders by assuring round supply. Mangoes are also available only during the April–July period in India, whereas TJC mango variety in Sri Lanka is available during June–August and November–December periods. Other agricultural products that Sri Lankan exporters will find marketable in the region are Ceylon cinnamon, value added tea products, virgin coconut oil and spices.

As one would note, the prices of imported agro products are quite very high in India due to the high transportation costs and the custom duties applied. However, due to the close proximity and the duty concessions available to Sri Lanka under Indo-Sri Lanka Free Trade Agreement (ISFTA), Sri Lankan fruit and agro exporters are well positioned to launch their products to the market in Mumbai and the rest of western region of India.

In addition, Colombo and Mumbai are well connected in terms cargo

transportation. It takes only 3 days by sea to reach Nhava Sheva port from Colombo harbor or 2.5 hours by air. Sri Lankan Airlines now operates 2 flights per day /7 days of the week between Colombo and Mumbai. With the development of west container terminal of Colombo port by Adani group, frequent shipping option will be available between Colombo port and the western region of India for Sri Lankan exporters in the coming years.

It would be worthwhile to mention that there are also few Sri Lankan brands that have succeeded in entering the market in the region. Amante', a MAS Holdings owned retail lingerie business (now acquired by reliance group); SPA Ceylon, luxurious ayurvedic spa services and ayurveda skin products business; Damro, Sri Lanka furniture company are examples of Sri Lankan brands doing successful business in the region.

Therefore, it is high time that Sri Lankan exporters identify these viable business opportunities and diversify their markets to include the western region of India to benefit out of the fast-developing cities in the region.

Sources:

Website of Department of Commerce of India (<https://commerce.gov.in>)

ITC sources (<https://intracen.org>)

Acknowledgment of Content Contribution:

Commercial Division, Consulate General of Sri Lanka, Mumbai

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