CHAPTER - 8
8 CONCLUSION AND RECOMMENDATIONS

The main inhibiting factor in the India-CIS trade is the high cost of transportation of goods from India to CIS. Indian goods can become much more competitive once the cost of transportation is reduced. In fact the transportation cost can be drastically reduced if goods are exported to CIS countries via a feasible land route. Both India and CIS countries need to work together to establish some kind of bilateral or multilateral arrangement to facilitate the smoother transport of the goods. Governments of both regions could address the above mentioned handicaps by taking appropriate measures before they can become mutually beneficial trading partners.

A detailed discussion is offered an economic growth of CIS region countries in the 2nd Chapter. Also discussions are offered on India’s trade relation with CIS countries before and after the breakup.

It is found that India has maximum export to Russia within CIS region of value USD 940.20mn and highest import from also from Russia of value USD 2469.70mn.

In chapter 5 existing major road and rail routes are discussed. It is seen that Indian goods are exported to CIS region from Mumbai to Bandar Abbas via the strait of Hormuz in the Persian Gulf. After reloading of containers on truck or railway wagons the goods are dispatched to the Iranian port of Anzali on the Caspian Sea. After trans-shipment at Anzali, goods are loaded on ships and taken to Russian port of Astrakhan.

In chapter 7 an analysis was offered on basis of data collected from various respondents about custom related issues, availability of information, mode of payment, dispute settlement and mode of transport.

From the analysis of 3 case studies mentioned in this chapter it is found that the components of supply chain between India and CIS with respect to transportation.
All the commodities have to take a sea route and the goods having higher value and lesser volume go through aerial route. Time taken for the complete process of transportation takes between two and half to three and half weeks. Feasible road route from India to CIS can reduce the time as well as cost of transportation. It would make the Indian goods much more competitive in the CIS market.

Apart from 2 existing routes, 2 new land routes are identified in the study. The identified routes are:

1. India-China-Kyrgyzstan route. Total distance of the route is 2590 km.
2. India-Pakistan-Afghanistan-Turkmenistan route. Total distance of the route is 2365km.

The India-China-Kyrgyzstan route passes through China. India at present possesses healthy political relation with the Chinese government, and hence this route may not be politically hindered. However, it is matter to be seen if the route is viable technically as the connecting road from Laddakh to Kashgar passes through the Himalayas and may be useable only seasonally. Also the condition of the road itself is not beyond criticism. Moreover, this route is approximately 10% longer in comparison to other proposed route.

Another reason of worry is that the portion of the route as mentioned above is under Chinese military occupation. It may be difficult to get permission to use it.

India-Pakistan-Afghanistan-Turkmenistan is the shortest possible route from India to CIS countries.

The only, but most vital demerit of the route is that is passes through the Taliban regime and political situation in Pakistan and Afghanistan is not stable. And hence even if this route is the most viable in terms of technicality and distance, at present it may not be used for transportation of at least Indian goods.

In chapter 6 a detailed discussion on the payment procedures followed in international trade specifically between India CIS is offered.
The legal payment method used by the exporters and importers are cash in advance, letter of credit, documentary collection or draft, open account and other methods like consignment sales. Out of these methods the traders survey points out that "documents against acceptance" and "cash in advance" are the most popular methods of payments both in export and in import.

Apart from these legal methods which are in practice, some illegal payment systems like Hawala are also being practiced. Hawala is an alternative or parallel remittance system. It exists and operates outside of, or parallel to 'traditional' banking or financial channels. However, the respondents are not willing to divulge any thing regarding this mode because of obvious reason.

Trade relation between India and CIS can be, perhaps, given a boost by improving the ties among legal financial institution. Towards this certain recommendations can be drawn from the analysis and findings of this study.

Security is one of the major concerns for every country today. If the countries start cooperating on the security front then it will become easier for the countries to rely more upon each other. Both regions should also try to create regional/sub-regional avenues for cooperation between the CARs and South Asia. If possible, both regions should try to emphasize on more people to people contact. This would not only create cordial relations amongst the people of both regions but also both regions will take more part in making trade relations more successful. Regular contacts between ministers, agencies of both the countries and interaction with NGOs can also yield fruits in this direction.

With all the analysis done it can be concluded that there exist chances of having very good trade relations between the two. But at the same time there are difficulties, which can only be removed if both regions act as active trade partners and try to resolve the issues as soon as possible.
For the **recommendations on further studies**, it can be said that a comparison of non branded and branded product supply chain could be taken up. This would not only show up the loopholes in each of them but will also give direction in which practice of one supply chain can be implemented in another. To improve this study, if direct contact with the traders in CIS is possible then it would add more authenticity to the study. This way, the study will be analyzing the problem from Indian trader’s perspective as well as CIS trader’s perspective. Also, some live case studies can be incorporated as part of the study.