



# BHARAT MART

## YOUR STOREFRONT TO THE WORLD

Concept Paper

October 2023

# Contents

EXECUTIVE SUMMARY.....	3
RATIONALE FOR BHARAT MART.....	4
VALUE PROPOSITION FOR INDIAN MANUFACTURERS.....	4
LOCATION AND ACCESS TO REGIONAL MARKETS.....	6
PROJECT BLUEPRINT AND DESIGN ASPECTS .....	7
SUPPORT REQUIRED FROM THE GOVERNMENT OF INDIA .....	9
SUGGESTED NEXT STEPS.....	10

## EXECUTIVE SUMMARY

This document presents Bharat Mart, a transformative project aiming to establish a wholesale and retail marketplace specialising in Indian-manufactured goods for distribution across Africa, the Middle East, and Eurasia. This project seeks to bridge the gap between India's burgeoning manufacturing sector and untapped international markets.



Bharat Mart is strategically located in the Jebel Ali Free Zone (Jafza), Dubai's principal trade engine, facilitating cargo movement across the region. Jafza's ecosystem and connectivity have attracted over 10,000 medium and large enterprises to do business in the region. Bharat Mart builds on the existing ecosystem and offers medium and small manufacturing enterprises the same benefits and efficiencies enjoyed by the businesses currently operating in Jafza.

Indian manufacturers will benefit from:

- > A global platform to showcase products and manufacturing capabilities.
- > Access to the latent and fast-growing demand for Indian products across the African, Middle Eastern, and Eurasian markets.
- > Scalability through product consolidation and large order fulfilment capabilities enabled through the market.

Jafza's location and regulatory environment provide a marketplace without compromises:

- > Servicing local and global customers through a hybrid business platform in the local market and the free zone.
- > Attracting retail and wholesale customers to showroom and warehouse units that connect businesses to 3.5 billion regional consumers.
- > Providing a physical and virtual platform to promote and transact products directly from the shop floor to the customer door through the most cost-effective and efficient means.

Bharat Mart is a crucial initiative to enable the bilateral objectives agreed between the UAE and India as part of the Comprehensive Economic Partnership Agreement signed in 2022.



## RATIONALE FOR BHARAT MART

### Increasing manufacturing of Indian goods

Make in India has been pivotal in fostering the growth of its manufacturing sector. Over the years, it has evolved into a significant hub for a wide range of products, encompassing textiles, electronics, machinery, pharmaceuticals, and much more. The UAE, particularly Dubai, has a robust trading ecosystem that can help provide market access to the Middle East, East Africa, North Africa, and the GCC. Dubai is recognised as the world's 2<sup>nd</sup> largest re-export gateway. Hence, it can be a significant conduit for Indian-made products to increase penetration and reach new markets.

### Meeting regional demand for Indian Goods

Africa, the Middle East, and Eurasia are amongst the fastest-growing consumer markets globally and are expected to outpace global GDP growth for the coming five years. Consumers in these markets are characterised by their requirement for low-cost and high-quality products. Indian-made goods have garnered an outstanding reputation for their affordability and variety, making them highly sought after in these regions. In particular, products within textiles, leather goods, machinery and equipment, construction materials and electronic equipment sectors are in high demand.

### UAE<>India CEPA Bridging the Gap

Bharat Mart will contribute positively towards achieving the \$100bn bilateral trade objectives. This initiative provides a comprehensive solution for Indian products to reach international consumers and businesses more efficiently. The benefits of CEPA significantly reduce trade barriers and increase bilateral trade. This agreement will also enhance economic cooperation and stimulate greater processing and consolidation of goods across India, thereby acting as a crucial bridge for Indian businesses to reach and deliver better value to international consumers and enterprises.

## VALUE PROPOSITION FOR INDIAN MANUFACTURERS

Bharat Mart is designed to be the best platform for Indian manufacturers and trading houses to access the Middle East, Africa and Eurasia consumer markets, offering efficiency and the most competitive costs.

### Ease of doing business and enhanced market access.

Bharat Mart will offer the most affordable warehouse and showroom facilities within the most effective regulatory environment in the region. Occupants can maintain a single inventory for local and international fulfilments whilst paying duties and taxes only when required at the final destination.

Jafza is a captive market of over 10 thousand businesses representing potential customers, suppliers or logistics partners for Indian sellers. Bharat Mart is inside Jafza's bonded zone with uninterrupted access to Jebel Ali Port and Al Maktoum International Airport. The availability of empty containers at Jebel Ali Port ensures reduced shipping times to international destinations.

### Simplified consolidation of mixed goods and reduced supply chain costs.

One of the distinct advantages of the Bharat Mart is its ability to consolidate various products under one roof. This consolidation facilitates leveraging economies of scale in various aspects, such as

shipping, marketing, and operational management. The outcome is less shuttling of cargo and a reduction in damaged cargo due to multiple handling.

**A fit-for-purpose regulatory environment that is made for trade.**

Jafza's trade ecosystem is made possible through its business-friendly regulations. Companies operating in the Bharat Mart can be 100% foreign-owned, pay 0% in local taxes and duties and repatriate profits without restrictions or currency exchange controls. Companies in Jafza can also recruit employees from any nationality and benefit from on-site Customs services to facilitate all cross-border transactions. All these services are delivered through a single digital platform integrating all government authorities and requirements in one virtual location.

**Flexible customs regime.**

Being in the Bharat Mart, the tenants will benefit from both regimes onshore and the free zone. The market and cargo will be considered inside the customs-bonded area, meaning no duty or taxes are due when imported. Local duty and taxes will be paid only for goods sold to the local market. Traders will be able to re-export cargo seamlessly. Special approval has been obtained to allow buyers to enter the market through the main public roads without free zone gate passes or other special approvals.

Bharat Mart traders will, therefore, enjoy the unique benefit of operating a single establishment that benefits from both onshore and free zone Customs benefits. The value of this benefit translates directly to cost-savings from reduced operational burden and business set-up costs and time-savings from connectivity and access to all required support services.

**Indicative Pricing (subject to further due diligence)**

Bharat Market leasing costs will be the most competitive in the market. Our initial estimates suggest an average leasing price for a retail unit combined with a warehouse of USD 7.8/sqft/year and a mutually agreeable revenue share.

We will be seeking the government's support to engage with large Indian manufacturers and distributors to be anchor tenants.



## LOCATION AND ACCESS TO REGIONAL MARKETS

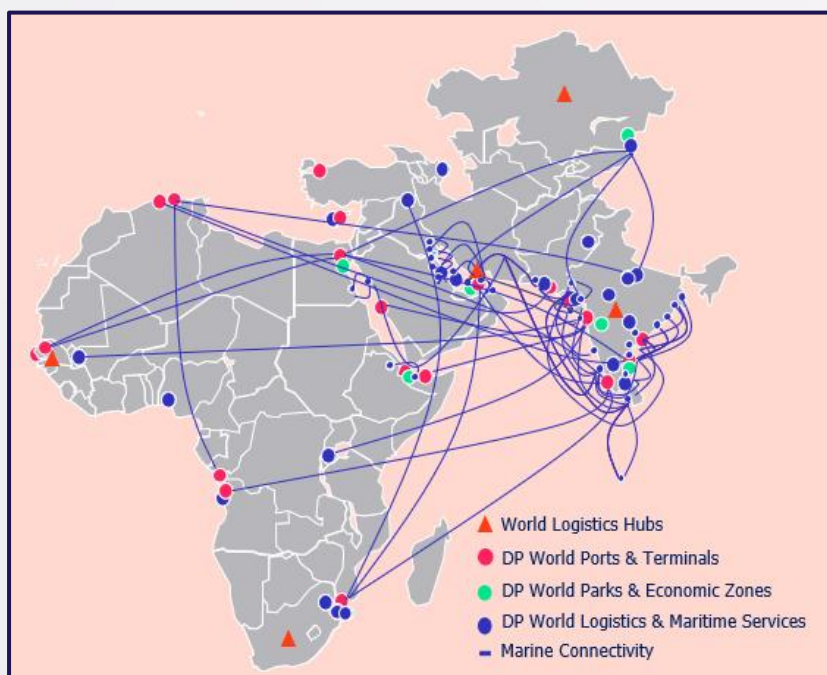
### Strategic Location

Bharat Mart is strategically positioned in Jebel Ali, capitalising on its access to Jebel Ali Port and Al Maktoum International Airport; from this location, Bharat Mart has direct access to 180 cities by sea and 155 destinations by air. This strategic location offers a crucial advantage, allowing for the efficient transportation of goods via well-established shipping routes connecting Africa, the Middle East, and Eurasia.

### Access to Emerging Markets

Dubai's geographical location provides a convenient gateway to the high-growth Emerging Markets illustrated.

These regions present immense potential for Indian manufacturers seeking to expand their global footprint. The Emirate has emerged as one of the largest re-export hubs in the world largely due to its regional connectivity and ability to provide efficient logistics for goods transiting throughout the region.



### Global Logistics Support

DP World can leverage its world-class port infrastructure, maritime services, and economic zones portfolio to deliver strong and sustainable supply chains. Through DP World Logistics, the organisation is focused on building better ways to deliver a seamless trade experience worldwide. Our logistics services include advanced warehousing solutions, customs clearance facilities, and efficient transportation links. DP World is integrating these services to deliver better ways to bring goods to more people in the global marketplace. The result is a more competitive and resilient supply chain for Indian exports worldwide.

### Wholesale Market Place Hub

Bharat Mart would be conveniently located within the Dubai Traders' Market adjacent to the Yiwu Market. DP World developed the Yiwu Market in partnership with China Commodities Centre, which provides direct linkages with manufacturers and traders in Yiwu, the largest wholesale market in the world. 800+ traders already use the Yiwu Market in Dubai, trading in tools, hardware, home & office supplies, electronics, appliances and clothing.

Dubai also houses Dragon Mart, the world's largest Chinese trading hub for retail and wholesale businesses outside of mainland China. More than 50,000 people visit Dragon Mart every day. The Dragon Mart in Dubai is China's gateway to Africa & Middle East since buyers from these countries travel to Dubai to procure items in bulk and retail, which are then sold in local markets. This "cash and carry" buyer behaviour is peculiar to the Africa & Middle East region and has generated considerable business for Chinese manufacturers. Both these markets together did an estimated trade value of USD 5 bn in 2022.



These wholesale markets indicate a potential latent demand for Indian goods since the buyers & consumer behaviour profile in Bharat Mart will be similar to those of the above wholesale markets.

## PROJECT BLUEPRINT AND DESIGN ASPECTS



### Physical Infrastructure

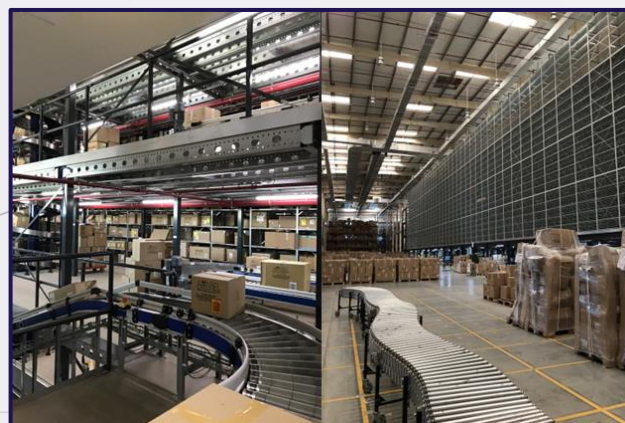


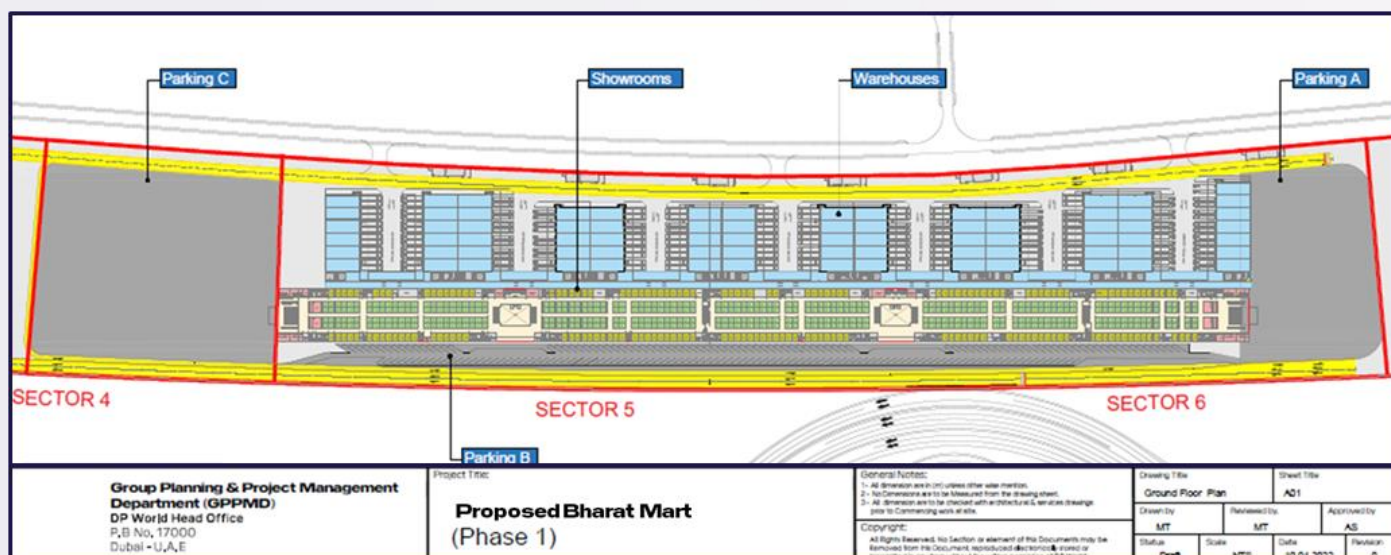
When completed, Bharat Mart will occupy over 1.1 million square feet, including retail, showrooms, warehouses, offices and ancillary facilities. The development will sit along the boundary of Jafza, with the external façade accessible to consumers outside the free zone and the internal warehouse and operating areas within the free zone. The two-story structure will comprise nearly 1,300 showrooms, 170 warehouses and 35 hospitality units. The

market will be connected to Dubai's public transportation network (bus, metro, taxis) and supported with 1,200 parking bays directly accessible through public roads. The facilities are designed to accommodate various categories of goods, from perishable items to heavy machinery.

### Digital Platform

In tandem with the physical marketplace, Bharat Mart will feature a robust digital platform that enhances the reach and efficiency of the endeavour. This digital platform is an online extension of the physical market, allowing Indian manufacturers to showcase their products and connect with international buyers. Incorporating e-commerce capabilities further broadens the outreach, ensuring that products from Bharat Mart can be accessed and procured globally.





## Engineering Specifications

Bharat Mart comprises a built-up area of 103k sqm with 63k sqm gross leasable space (G+1 structure).

	Built-up area (sqm)	Gross leasable area (sqm)	No of units	Height
Retail showrooms	50,600	26,924	1,256	G+1
Warehouses	52,686	35,955	166	G+1
Parking area			1,200	G
<b>TOTAL</b>	<b>103,286</b>	<b>62,879</b>		

## Preliminary Capex Plan

Initial development cost estimates indicate an investment of ~USD 97.8 mn to develop the Bharat Mart.

	Costs (USD mn)	
Total Construction costs	85.7	• ~USD 954 /sqm or USD 89 /sqft
Contingency & other costs	8.9	• ~USD 85.7 mn is towards the construction costs for buildings and common infrastructure
Metro Footbridge	3.2	• ~USD 9 mn is towards the balance capex incl. Design, Insurance, Contingency and other costs
<b>TOTAL CAPEX</b>	<b>97.8</b>	• ~USD 3 mn CAPEX to be deployed in year 5 to cover costs of the footbridge to the EXPO metro station
		• Warehouse infrastructure can be reconfigured to be more efficient and reduce costs



## SUPPORT REQUIRED FROM THE GOVERNMENT OF INDIA

For the successful establishment and operation of Bharat Mart, DP World would request the support and collaboration of the Government of India across several key areas. Based on a preliminary evaluation, the following areas were identified for support from the Government:

Key Areas for Support	Suggested Solution
<b>Regulatory</b>	
<ul style="list-style-type: none"> <li>As per Reserve Bank of India (RBI) guidelines, the period of realisation and repatriation of export proceeds is 9 months from the date of exports for all exporters from India. For goods exported to a warehouse outside India, the proceeds are allowed to be realised within 15 months.</li> <li>RBI allows remittances up to 10% of the average annual sales/income or turnover during the last two financial years for normal business operations of the office outside India.</li> <li>The overseas office is not allowed to create any financial liabilities, contingent or otherwise, for the head office in India without prior approval of the Reserve Bank of India.</li> <li>RBI regulations do not allow entities to open/hire warehouses abroad in case the applicant's export outstanding dues are over 5% of exports of the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Government may consider allowing the proceeds to be repatriated within 24 months, allowing the exporters sufficient time to sell their goods.</li> <li>✓ The Government may consider allowing remittances up to 25% (for the initial 5 years) until operations of the tenants in the Bharat Mart are stabilised.</li> <li>✓ The Government may consider allowing overseas offices in the Bharat Mart to freely seek support from their respective head office in India with relevant conditions in place.</li> <li>✓ The Government may consider a relaxation in this clause for warehouses set up in Bharat Bazaar since the exporters may have unsold inventory in Dubai, which may add to their outstanding dues by over 5%.</li> </ul>
<b>Working Capital</b>	
<ul style="list-style-type: none"> <li>In their initial years of operation, Bharat Mart tenants may need support from financial institutions for their working capital requirements.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Government may consider appointing a nodal bank (preferably Bank of Baroda, licensed as a full-fledged bank in the UAE) to provide working capital support to the Bharat Mart tenants.</li> </ul>
<b>Customs</b>	
<ul style="list-style-type: none"> <li>Bharat Mart tenants may have situations where their products or goods remain unsold.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Government may consider allowing Bharat Mart tenants to seamlessly return unsold goods to India against a refund of</li> </ul>

	any credits granted when exporting the goods to the UAE.
<b>Investor Attraction</b>	
<ul style="list-style-type: none"> <li>▪ We seek the Government's support in attracting a suitable co-investor to work alongside DP World and demonstrate a strong commitment from the Indian business sector.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Government may identify and request the participation of an Indian investor to join as a partner in this initiative.</li> <li>✓ Potential Indian partners could include Tata Group, Reliance Industries or Larsen &amp; Toubro.</li> </ul>
<b>Export Quality Assurance</b>	
<ul style="list-style-type: none"> <li>▪ Bharat Mart will cater to international buyers across many markets worldwide. It will be imperative that the quality control standards of Indian products consistently meet global production quality measures.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Government of India can support producers towards upholding these standards, enhancing the reputation of Indian goods globally and cultivating trust among consumers.</li> </ul>

## SUGGESTED NEXT STEPS

- Validation of the commercial due diligence for the project.
- Formation of the strategic partnership with co-investor identified by the Government.
- Groundbreaking ceremony (tentatively planned for 1<sup>st</sup> January 2024).
- Commercial efforts to onboard anchor tenants for Bharat Mart.
- Resolve regulatory & other challenges as identified above.

In closing, Bharat Mart is a groundbreaking initiative that not only benefits Indian manufacturers but also strengthens India's position in the global trade landscape. With the support of the Government of India, we have the potential to create a thriving marketplace that connects Indian manufacturers and products to the world.