

## TradeTrust Framework for India Singapore Trade

### Why in news?

India and Singapore piloted the first live paperless transaction using the Trade Trust Platform marking another milestone in the digital connection between two countries.

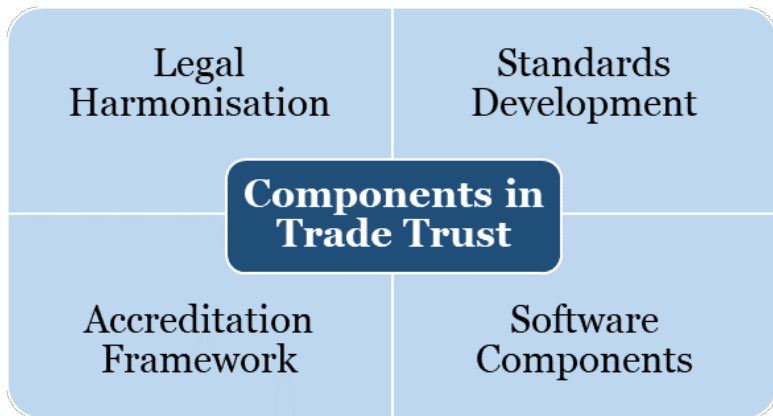
### Bilateral Trade- India and Singapore

- **Trade partner**-India was Singapore's 12th largest trade partner, in 2021-22 with a share of 2.3% in Singapore's overall trade.
- Singapore is India's 6th largest trade partner with a share of 2.9% of India's overall trade (2021-22).
- **Bilateral trade**- It stood at US\$ 30.11 billion in 2021-22.
- **Investor**- Singapore is the 2nd largest investor in India, with a cumulative FDI inflow of US\$ 140,987 million from April 2000 - September 2022.
- **FDI**- Singapore is the leading source of FDI, among the largest sources of External Commercial Borrowings and Foreign Portfolio Investment.
- It is the largest trade partner of India in the ASEAN region.
- **Import**- Major items that are imported include include nuclear reactors, boilers, machinery, and mechanical appliances etc.,
- **Export**- Major exported items from India to Singapore include petroleum products (US\$ 3,200 million) followed by ships, boats, and floating struct (US\$ 936 million), etc. during April-November 2022.
- **Guest country**-India invited Singapore to participate as Guest Country in the G20 meetings and summits under India's G20 Presidency in 2023.

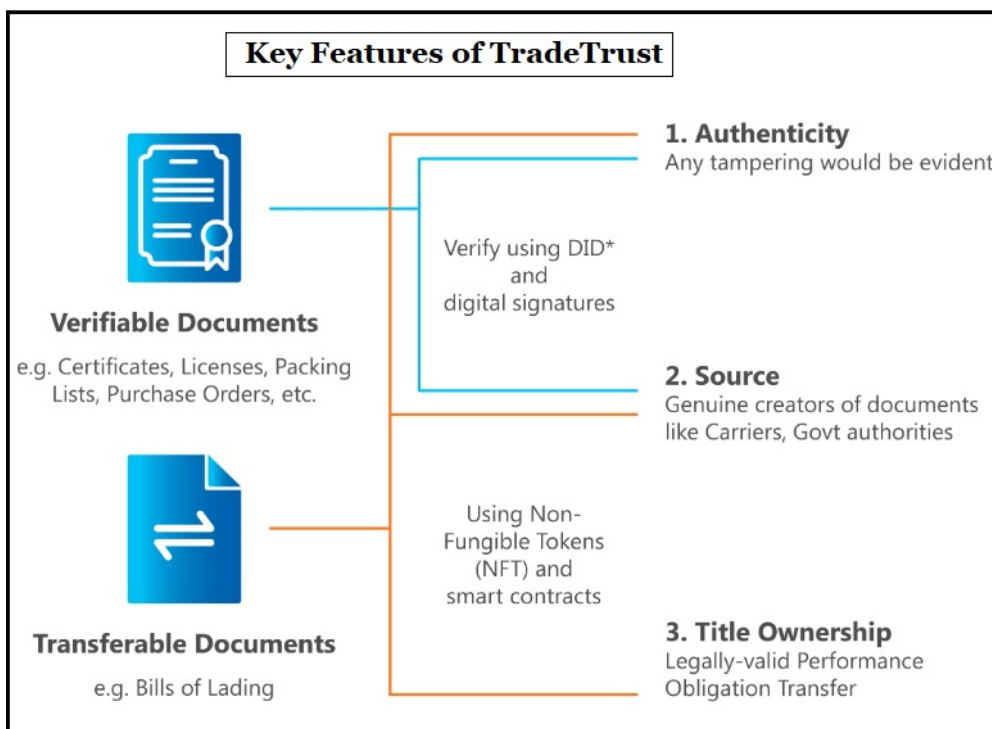
### What is Trade Trust Platform?

*It is a joint initiative to enable interoperable electronic Bills of Lading (eBLs) backed Letter of Credit (LC) transactions between Singapore and Indian banks and companies.*

- It is a framework that comprises globally-accepted standards and enables trusted interoperability of electronic trade documents among governments and businesses across digital platforms.
- **Components**- There are 4 key components in trade trust



- **Legal harmonisation**- It provide legal validity for electronic negotiable documents through compliance to United Nations Commission on International Trade Law MLETR (Model Law on Electronic Transferable Records).
- **Standards development**- It develop international standards which is adhered by the trade trust.
- **Accreditation framework**- It certifies technical solutions to meet law requirements.
- **Software components**- A set of open-source software code that can easily integrate backend solutions to the Trade trust network.



- **eBLs** - They are digital versions of the traditional paper Bill of Lading. (A bill of lading is a contract issued by a transport company to a shipper that spells out the quantity, type, and destination of the goods being shipped).
- It is a document that
  - Serves as a receipt for goods that have been shipped
  - Serves as a contract between the shipper and the carrier.

### What are the advantages of eBLs?

- **Improves efficiency**- eBLs can be exchanged electronically, thus eliminating the need

for paper documents to be physically transported.

- **Cost effective**-It helps to save time and money, and it can also reduce the risk of errors.
- **Authenticity**- eBLs are stored in a secure database which makes them less vulnerable to fraud and tampering.
- It is a legally valid performance obligation transfer.
- **Transparency**- All parties involved in a trade transaction can access the same information about the eBL, thus reduces the risk of disputes.
- **Genuine source**- The platform has genuine creators of documents like Carriers, Govt authorities.

### What does trade trust platform offer both countries?

- **Real time transaction**- It is based on distributed ledger technology, which allows for the secure and transparent recording of transactions.
- This makes it possible to track the progress of a trade transaction in real time, and to ensure that all parties involved have access to the same information.
- **Improves efficiency**-It will help to reduce fraud and errors and improve the speed and efficiency of trade transactions.
- **Trade facilitator**- The framework is also interoperable with other trade finance platforms, which will facilitate trade between Singapore and India.
- **Economic growth**- It is expected to boost trade between Singapore and India's small and medium sized enterprises (SMEs), hence they are key drivers of economic growth
- **Secure**- In the past, trade between Singapore and India was often hampered by the lack of trust and transparency.
- This was due to the use of paper-based documents, which were often lost or misfiled.
- **Standard framework**-It is expected to be further adopted by more businesses in the coming years, as it becomes standard for trade finance in the region.
- **Interoperability**- The proposed innovative framework is interoperable with other trade finance platforms.
- This means that it can be used to connect businesses in Singapore and India with businesses in other countries as well.
- **Decentralization**- Key benefits of such a decentralized verifiable architecture-
  - Remove the need for expensive data exchange infrastructure to be put in place in between exchanging parties.
  - Remove tight coupling and inter-dependencies between exchanging systems.
  - This means exchanging parties can proceed to upgrade and make changes to their IT systems at their own pace according to their own priority.

### References

1. [Business Line- A framework to lift India Singapore trade](#)
2. [Economic Times- India Singapore first live paperless transaction](#)



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