

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 2585
TO BE ANSWERED ON 04th DECEMBER, 2019

STEPS FOR PROMOTING EXPORTS

2585. SHRI PARVESH SAHIB SINGH VERMA:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) the details of all schemes/ interventions and steps taken by the Government for the promotion of Indian exports in the global trade;
- (b) the details of reforms undertaken in the industrial policy for improving business environment and bringing foreign investments in India; and
- (c) the details of the steps being taken by the Government to strengthen India's manufacturing sector vis - a-vis other nations with regard to better performance in Free Trade Agreements?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

- (a) Sir, the Government has been implementing various steps such as exemption/ refund of duties, support to merchandise exports to offset logistics costs, infrastructure support to States etc. to promote Indian exports. The key interventions include:
- i. A new Foreign Trade Policy (FTP) 2015-20 was launched on 1st April 2015. The policy, inter alia, rationalised the earlier export promotion schemes and introduced two new schemes, namely Merchandise Exports from India Scheme (MEIS) for improving export of goods and 'Services Exports from India Scheme (SEIS)' for increasing exports of services. Duty credit scrips issued under these schemes were made fully transferable. In the Mid-term Review of the FTP in December, 2017, incentive rates for labour intensive / MSME sectors were increased across the board by 2% with an annual financial implication of Rs 8,450 cr.

- ii. A new Logistics Division was created in the Department of Commerce to coordinate integrated development of the logistics sector. India's rank in World Bank's Logistics Performance Index moved up from 54 in 2014 to 44 in 2018.
- iii. Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 1.4.2015 providing interest equalisation at 3% for labour intensive / MSME sectors. The rate was increased to 5% for MSME sectors with effect from 2.11.2018 and merchant exporters were covered under the scheme with effect from 2.1.2019.
- iv. Various measures for improving ease of doing business were taken. India's rank in World Bank 'Ease of doing business' ranking improved from 142 in 2014 to 63 in 2019 with the rank in 'trading across borders' moving up from 122 to 80.
- v. A new scheme called "Trade Infrastructure for Export Scheme (TIES)" was launched with effect from 1st April 2017 to address the export infrastructure gaps in the country.
- vi. A comprehensive "Agriculture Export Policy" was launched on 6th December, 2018 with an aim to double farmers' income by 2022 and provides an impetus to agricultural exports.
- vii. A new scheme called "Transport and Marketing Assistance" (TMA) has been launched for mitigating disadvantage of higher cost of transportation for export of specified agriculture products.
- viii. A new scheme called Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) covering export of garments and made-ups was notified on 7.3.2019 providing refund of duties/taxes at higher rates.
- ix. Through the Market Access Initiative (MAI) Scheme, reimbursement of expenditure incurred by Indian exporters on meeting statutory compliances abroad is provided, under which the limit cap per exporter has recently been increased from Rs 50 Lacs to Rs 2 Cr per year.
- x. As regards steps taken to engage the States in export promotion, the State Governments have been requested to nominate a Senior Officer as the Export Commissioner who can coordinate all export efforts, required from the different agencies of the State Government.

(b) and (c) Government is continuously engaged in strengthening Indian industry through "Ease of Doing Business" reforms and policy interventions for improved market access, attracting foreign investments and better utilization of Free Trade Agreements. Regulatory environment impacts business development. Due to low regulatory burden entrepreneurs can devote their time on core productive activities. It also leads to lower costs for compliance as the requirement of engaging regulatory experts is reduced. Some steps taken for improving business environment and boosting the manufacturing sector in the recent past are detailed in the Annexure.

ANNEXURE

REFERRED TO IN REPLY TO PART (b) & (c) OF LOK SABHA UNSTAR RED QUESTION NO. 2585 FOR ANSWER ON 04.12.2019

- i. The World Bank released the Doing Business Report (DBR), 2020 on 24th October, 2019. India ranks 63rd amongst 190 countries as per assessment made by the Doing Business Team. India has leapt 14 ranks from its rank of 77 in the DBR 2019. The DBR is an assessment of 190 economies and covers 10 indicators which span the lifecycle of a business. The indicator wise rank of India in World Bank's DBR 2020 is as follows:

S. No.	Indicator	Rank
1.	Starting a Business	136
2.	Dealing with Construction Permits	27
3.	Getting Electricity	22
4.	Registering Property	154
5.	Getting Credit	25
6.	Protecting Minority Investors	13
7.	Paying Taxes	115
8.	Trading Across Borders	68
9.	Enforcing Contracts	163
10.	Resolving Insolvency	52
Overall		63

India has improved its rank in 7 out of 10 indicators and has moved closer to international best practices. The 2020 edition of the Report acknowledges India as one of the top 10 improvers, third time in a row, with an improvement of 67 ranks in three years. It is also the highest jump by any large country since 2011. Some of the major indicator wise reforms undertaken by the Government towards easing the business environment in the country are as under:

- Starting a business** - With applicability in both Delhi and Mumbai, India made starting a business easier by abolishing filing fees for the SPICe company incorporation form, electronic memorandum of association, and articles of association.
- Dealing with construction permits** - In Delhi, obtaining construction permits was made easy, thereby reducing the time and cost of obtaining construction permits, and building quality control was improved by strengthening professional certification requirements. Mumbai streamlined the process of obtaining a building permit and reduced costs of scrutiny fees by 90%. The introduction of these reforms resulted in a jump of 25 ranks from 52 last year to 27 in DBR 2020. Also, the Distance to Frontier improved from 73.81 to 78.7.

- c. **Trading across borders** - Trading across borders was made easier by enabling post-clearance audits, integrating trade stakeholders in a single electronic platform, upgrading port infrastructure, and enhancing the electronic submission of documents. This reform is applicable to both Delhi and Mumbai.
 - d. **Resolving insolvency** - India's rank in resolving insolvency improved from 108 to 52 recording a jump of 56 ranks with the Distance to Frontier improving from 40.84 to 62.0. India made resolving insolvency easier by promoting reorganization proceedings in practice. The Insolvency and Bankruptcy Code 2016 has been recognized as a mode of resolving insolvency. Also, time taken in resolving insolvency is now comparable to OECD Countries.
- ii. Other initiatives for improving business environment and boost the manufacturing sector year-wise are:
 - a. 2014: The Department for Promotion of Industry and Internal Trade (DPIIT) in consultation with the State Governments started a comprehensive reform exercise in December, 2014 to create a conducive business environment by streamlining regulatory structures and creating an investor friendly business climate by cutting down red tape.
 - b. 2015: A 285 point State Reform Action Plan action plan was finalized and shared with States/UTs. The World Bank also partnered with DPIIT in this reform plan and to give the exercise momentum, and conducted 18 workshops to help Departments concerned across States/UTs to understand the essence of the reforms better. States were evaluated on implementation of these reforms and first ever ranking of States/UTs on Ease of Doing Business was released in September, 2015. The findings of the evaluation were compiled in a report titled "Assessment of State implementation of Business Reforms"
 - c. 2016: In 2016, DPIIT, in consultation with all States/UTs, released a 340 -point action plan which included recommendations on 58 regulatory processes, policies and process spread across 10 reform areas spanning the lifecycle of a typical business. The States were requested to implement the reforms action plan and submit their responses for evaluation. The final ranking of States/UTs was released on 31st October, 2016 with a national implementation average of 48.93%, which was higher than national average of 32% in 2015. The reform exercise in 2016 saw larger participation and 12 States achieving greater than 90% implementation score.
 - d. 2017-18: In 2017, the reform exercise featured 372 action points with additions like Central Inspection system, online systems for acquiring trade license, registrations under Legal Metrology Act, 2009, and registration of Partnership Firms & Societies. The assessment for the year 2017-18 was released jointly by DPIIT and the World Bank on 10th July, 2018. 18 States recorded implementation score of 80% and above – these states account for majority of the total area and GDP of the country. Some important achievements under this reform exercise were as follows:

- i. 19 States have designed an Information Wizard providing information for all approvals, licenses, registrations timelines, procedure to establish business/industrial unit (pre-establishment & pre-operation)
 - ii. 21 States/UTs have designed and implemented online Single Window System
 - iii. 21 States/UTs have implemented a Geographical Information System (GIS) system to provide details about the land earmarked for industrial use across the State
 - iv. 23 States/UTs have reduced the number of documents required for Obtaining Electricity connection to only two.
 - v. 8 States/UTs have brought all compliance inspections conducted by Labour, Factories, Boilers Departments and Pollution Control Boards under Central Inspection Framework.
 - vi. 29 States/ UTs have notified a list of white category industries exempted from taking pollution clearances.
- e. 2019: An 80 reform point action plan for the year 2019 was shared with States and UTs for implementation of reforms by 15.06.2019. An important change introduced in the action plan for the year 2019 is that the assessment is based only on the feedback received from users and industries. Further, a 218 point District Reform Action Plan which is spread across 8 areas which are Starting a Business for Construction, Urban Local Body Services, Paying Taxes, Land Reform Enabler, Land Administration and Property Registration Enablers, Obtaining Approval, Miscellaneous and Grievance Redressal/ Paperless Courts and Law & Order has been prepared for targeted action. The District reform plan covers 43 NoCs/ Permissions/ Registrations/ Certificates which will ease doing business in sectors like retail, education, health, food and beverages, real estate, gems and jewelry, mining and entertainment. A suggested questionnaire for the feedback for States/UTs has also been shared with the States. Such questionnaire will assess implementation of the Plan by District level functionaries and effectiveness of utilization of online systems, adherence to mandated timelines and lack of physical touch-points between applicant and department/agency. States/UTs are encouraged to participate in this reform and take onus to conduct the feedback exercise in Districts.
