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

LOK SABHA
UNSTARRED QUESTION NO. 2664
TO BE ANSWERED ON 04th AUGUST, 2021

PROMOTION OF EXPORTS

2664. SHRIMATI SARMISTHA SETHI:

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 मंत्रालय में राज्य मंत्री (श्रीमती अनुप्रिया पटेल)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SMT. ANUPRIYA PATEL)

(a) Government is committed for promoting Indian exports in international markets and suitable interventions are done from time to time. The key schemes/interventions taken are:

i. The Foreign Trade Policy has been extended upto 30.09.2021 to provide a stable regime during the Covid-19 pandemic.
ii. Schemes such as the Advance Authorization Scheme and the Export Promotion Capital Goods (EPCG) Scheme are being implemented to enable duty free import of raw materials and capital goods for export production.
iii. The Interest Equalization Scheme, which provides pre and post shipment Rupee export credit has been extended upto 30.09.2021.
iv. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been operationalized for exports with effect from 01.01.2021.
v. It has been decided to extend the Rebate of State and Central Levies and Taxes (RoSCTL) Scheme for apparel and made-up exports till March 2024.
vi. Transport and Marketing Assistance (TMA) scheme for specified agriculture products provides assistance for the international component of freight and marketing of agricultural

produce and to promote brand recognition for Indian agricultural products in the specified overseas markets.

vii. A common digital platform for Certificate of Origin (CoO) has been launched to increase Free Trade Agreement (FTA) utilization by exporters.

viii. In order to leverage the full export potential of our vast country, Districts are being promoted as Exports Hubs by identifying products and services with export potential in each district, addressing bottlenecks for exporting these products/services and supporting such local exporters/manufactures through institutional and strategic interventions. District specific export action plans for 478 districts have been prepared.

ix. Exports of services is being supported through negotiating meaningful market access through multilateral, regional and bilateral trade agreements, through participation in and organization of international fairs/exhibitions like the Global Exhibition on Services. An 'Action Plan for Champion Sectors in Services' is being developed to give focused attention to identified Champion Services Sectors through identified nodal Ministries/Departments

x. Assistance is being extended to exporters under the Market Access Initiative (MAI) scheme for various activities such as export market research & product development, product registration, organizing / participating in fairs, exhibitions and Buyer Seller Meets (BSMs) abroad, Reverse Buyer Seller Meets etc.

xi. In order to have a coordinated and focused attention on development of export infrastructure, a working group on infrastructure up-gradation has been constituted under National Committee on Trade Facilitation (NCTF) and a National Trade Facilitation Action Plan (NTFAP) has been formulated. This includes measures for improving road and rail connectivity to ports and smart gates at sea ports.

(b) Government is continuously engaged in strengthening Indian industry through "ease of doing business" for improving the business environment and attracting foreign investments. Details on measures taken in the recent past are as in the **Annexure**.

(c) To make domestic manufacturing globally competitive and to create global champions in manufacturing, Production Linked Incentive (PLI) Schemes in 13 sectors are being implemented. The Government has initiated a review of some of the existing Free Trade Agreements (FTAs) to maximize its export potential to benefit domestic industry as well as to make them more user friendly, simple and trade facilitative. In addition, bilateral trade negotiations have been initiated with a number of countries.

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ANNEXURE

REFERRED TO IN REPLY OF PART (B) OF THE LOK SABHA UNSTARRED QUESTION NO. 2664 FOR ANSWER ON 04.08.2021

It has been the continuous endeavor of the Government of India to put in place an enabling and investor friendly Policy. In the last two years alone, the following reforms in the Foreign Direct Investment (FDI) policy have been undertaken across sectors such as Coal Mining, Contract Manufacturing, Digital Media, Single Brand Retail Trading, Intermediaries or Insurance Intermediaries, Civil Aviation, Defence and Insurance:

(i) To liberalize and simplify FDI policy for providing Ease of doing business and attract investments, vide Press Note 4 (2019) dated 18.09.2019, following FDI Policy reforms have been undertaken:

a) 100% FDI under automatic route have been permitted for coal mining activities including associated processing infrastructure that includes coal washery, crushing, coal handling, separation (magnetic and non-magnetic). Earlier, 100% FDI under automatic route was permitted in coal mining for captive consumption only.
b) Under the Manufacturing sector, in order to provide clarity on contract manufacturing, it has been decided to allow 100% FDI under automatic route in contract manufacturing and FDI is now permitted under automatic route in contract manufacturing through a legally tenable contract.
c) Local sourcing norms have been eased for FDI in Single Brand Retail Trading (SBRT) and all procurements made from India by SBRT entity shall be counted towards local sourcing, irrespective of whether goods procured are sold in India or exported. Further, sourcing of goods from India for global operations can now be done directly by the SBRT entity or its group companies or indirectly through third party. As per the new policy, entire sourcing from India for global operations shall be considered towards local sourcing requirement as opposed to incremental sourcing previously. Now, retail trading through e-commerce can be undertaken prior to opening of brick and mortar stores, provided the entity opens brick and mortar stores within 2 years from date of start of online retail.
d) As per the FDI policy, for 'News & Current Affairs', 49% FDI under Government route is permitted in case of TV channels, and 26% FDI is permitted in case of print media with government approval. However, there was no specific provision pertaining to digital media. In order to address this gap, 26% FDI has been permitted under government route for uploading/ streaming of News & Current Affairs through Digital Media.

(ii) Insurance Sector: Vide Press Note 1(2020) dated 21.02.2020, 100% FDI has been permitted in Intermediaries or Insurance Intermediaries including insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, Surveyors and Loss Assessors and such other entities, as may be notified by the Insurance Regulatory and Development Authority from time to time. Vide Press Note 2(2021) dated 14.06.2021 the permissible FDI limit was raised from 49% to 74% in Insurance Companies under the automatic route and allow foreign ownership and control with safeguards.

(iii) Civil Aviation: Vide Press Note 2 (2020) dated 19.03.2020, Foreign Investment(s) in M/s Air India Ltd. has been permitted up to 100% under automatic route by NRIs, who are Indian Nationals

(iv) Curbing opportunistic takeovers/acquisitions of Indian companies due to the COVID-19 pandemic: In order to curb opportunistic takeovers/acquisitions of Indian companies due to the COVID-19 pandemic, vide Press Note 3(2020) dt. 17.04.2020, Government amended the FDI policy according to which an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the said policy amendment, such subsequent change in beneficial ownership will also require Government approval.

(v) Defence Sector: The FDI policy amendments, notified vide Press Note 4 (2020 series) dated 17.09.2020, have been carried out to realize the vision of an Aatmanirbhar Bharat. Now, FDI in defense sector is allowed up to 74% through automatic route (from earlier 49%) for companies seeking new industrial licenses. FDI beyond 74% and up to 100% will be permitted under Government route. For existing FDI approved holders/defense licensees, infusion of fresh foreign investment up to 49% resulting in change in equity/ shareholding pattern can be done by making declaration within 30 days (earlier Government approval was required). Now, foreign investments in the defense sector shall be subject to scrutiny on grounds of National Security.

(vi) Vide Press Note 1(2021) dated 19.03.2021, clarity has been provided on downstream investments made by Non-Resident Indians (NRIs) according to which Investments by NRI(s) on a non-repatriation basis as stipulated under Schedule IV of FEM (Non Debt Instrument) Rules 2019 are deemed to be domestic investments at par with the investments made by residents.

2. States have been encouraged to carry out reforms in ease of doing business and reducing compliance burden. Based on a detailed analysis of 5 states i.e. Gujarat, Uttar Pradesh, Karnataka, Tamil Nadu and Maharashtra, seven parameters have been identified i.e. single window system, Land/property, tax compliance, labor compliance, rationalizing inspection mechanism, logistic cost, dispute resolution mechanism for further reform.

3. Measures taken by the Government on FDI policy reforms have resulted in increased FDI inflows in the country. FDI inflow in India stood at US$ 45.15 billion in 2014-15 and has continuously increased since then. FDI inflows increased to US$ 55.56 billion in 2015-16, US$ 60.22 billion in 2016-17, US$ 60.97 billion in 2017-18, US$ 62.00 billion in 2018-19, US$ 74.39 billion in the year 2019-20 and India registered its highest ever annual FDI inflow of US$ 81.72 billion (provisional figures) in the financial year 2020-21.

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