REPORT NO.
179

सत्यमेव जयते

PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT RELATED PARLIAMENTARY STANDING COMMITTEE ON COMMERCE

ONE HUNDRED AND SEVENTY NINTH REPORT

Demands for Grants (2023-24)
(Demand No. 10)
of
Department of Commerce
(Ministry of Commerce and Industry)

(Presented to the Rajya Sabha on 24th March, 2023)
(Laid on the Table of Lok Sabha on 24th March, 2023)

Rajya Sabha Secretariat, New Delhi
March, 2023/Chaitra, 1945 (Saka)

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ON

DEMANDS FOR GRANTS (2023-24)
(DEMAND NO. 10)

OF

DEPARTMENT OF COMMERCE

(MINISTRY OF COMMERCE AND INDUSTRY)

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C O N T E N T S

COMPOSITION OF THE COMMITTEE
(Constituted *w.e.f.* 13th September, 2022)

1. Dr. Abhishek Manu Singhvi — *Chairman*

RAJYA SABHA

2. Shri Ayodhya Rami Reddy Alla
3. Shrimati Priyanka Chaturvedi
4. Shri Jayant Chaudhary
5. Shri Jugalsinh Lokhandwala
6. Shri Dhananjay Bhimrao Mahadik
7. Shri Deepak Prakash
8. Shri Vikramjit Singh Sahney
9. Shri K. Vanlalvena
10. Vacant

LOK SABHA

11. Shri Prasun Banerjee
12. Shri Raju Bista
13. Shri Rajkumar Chahar
14. Shrimati Kalaben Mohanbhai Delkar
15. Shri Rameshbhai Lavjibhai Dhaduk
16. Shri Arvind Dharmapuri
17. Dr. Nishikant Dubey
18. Shri Santosh Kumar Gangwar
19. Shri Srinivas Kesineni
20. Shri Manoj Kishorbhai Kotak
21. Shri Ajay Kumar Mandal
22. Shrimati Manjulata Mandal
23. Shri Nakul K. Nath
24. Dr. Gautham Sigamani Pon
25. Dr. Manoj Rajoria
26. Shri Nama Nageswara Rao
27. Shri Ashok Kumar Rawat
28. Shri Magunta Sreenivasulu Reddy
29. Shri Prajwal Revanna
30. Shri Gowdar Mallikarjunappa Siddeshwara

*31. Shri Arvind Ganpat Sawant

SECRETARIAT

Dr. Vandana Kumar, Additional Secretary
Smt. Kusum Sudhir, Joint Secretary
Smt. Nidhi Chaturvedi, Additional Director
Shri Kuldip Singh, Under Secretary
Shri Atosh Kaushik, Assistant Committee Officer

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* Nominated w.e.f. 15th December, 2022.

INTRODUCTION

I, the Chairman of the Department Related Parliamentary Standing Committee on Commerce, having been authorised by the Committee, present this One Hundred and Seventy Ninth Report on Demands for Grants (Demand No. 10) of the Department of Commerce, Ministry of Commerce and Industry for the year 2023-24.

2. The Committee considered the Demands for Grants (2023-24) pertaining to the Department of Commerce in its meetings held on 16th and 17th February, 2023. It held detailed discussion with the Secretary of the Department on 17th February, 2023 and also benefited from the views of Confederation of Indian Industry (CII); PHD Chamber of Commerce and Industry; and Federation of Indian Export Organisations (FIEO) in the meeting held on 16th February, 2023. The Committee wishes to express thanks to the representatives of the Department of Commerce and the above-mentioned organisations for providing valuable information in connection with the examination of the Demands for Grants of the Department.

3. The Committee considered and adopted the Report at its sitting held on 20th March, 2023.

New Delhi;
20 *March*, 2023
Phalguna 29, 1944(*Saka*)

DR. ABHISHEK MANU SINGHVI
Chairman
Department Related Parliamentary Standing Committee on Commerce
Rajya Sabha

ACRONYMS

AD	Authorised Dealer
AIF	Agriculture Infrastructure Funds
APEDA	Agricultural and Processed Food Products Export Development Authority
API	Active Pharmaceutical Ingredients
BE	Budget Estimate
CAGR	Compounded Annual Growth Rate
CCEA	Cabinet Committee on Economic Affairs
CEPA	Comprehensive Economic Partnership Agreement
CoC	Chain of Custody
CPSEs	Central Public Sector Enterprises
CRIT	Centre for Regional & International Trade
CST	Central Sales Tax
CVD	Chemical Vapour Deposition
DESH	Development of Enterprises and Services Hubs
DGCI&S	Directorate General of Commercial Intelligence and Statistics
DGFT	Directorate General of Foreign Trade
DGTR	Directorate General of Trade Remedies
DIPAM	Department of Investment and Public Asset Management
DIs	Drug Intermediates
DoC	Department of Commerce
DoE	Department of Expenditure
DRPSCs	Department Related Parliamentary Standing Committees
ECGC	Export Credit Guarantee Corporation
ECTA	Economic Cooperation and Trade Agreement
EEPC	Engineering Export Promotion Council
EFC	Expenditure Finance Commission
EIC	Export Inspection Council of India
EPCs	Export Promotion Councils
EU	European Union
EXIM	Export-Import
FDI	Foreign Direct Investment
FPCs	Farmer Producer Companies
FPOs	Farmer Producer Organisations
FTA's	Free Trade Agreements
FTP	Foreign Trade Policy
FY	Financial Year
G20	Group of Twenty
GDP	Gross Domestic Product

GoI	Government of India
GVCs	Global Value Chains
H2	Second Half
HPHT	High Pressure and High Temperature
HS	Harmonised System
IBEF	India Brand Equity Foundation
IC	International Cooperation
ICEGATE	Indian Customs Electronic Data Interchange Gateway
ICO	International Certificate of Origin
IECC	International Exhibition–cum-Convention Centre
IES	Interest Equalisation Scheme
IIFT	Indian Institute of Foreign Trade
IILF	India International Leather Fair
IIP	Indian Institute of Packaging
IIT	Indian Institutes of Technology
IITF	India International Trade Fair
InCent-LGD	India Centre for Lab Grown Diamond
INR	Indian Rupees
INSTC	International North-South Transport Corridor
IPO	Initial Public Offering
IRJWG	India Russia Joint Working Group
IRSWG	India Russia Security Working Group
IT	Information Technology
ITeS	Information Technology enabled Services
ITPO	India Trade Promotion Organisation
IYM	International Year of Millets
JWG	Joint Working Group
KSMs	Key Starting Materials
LDCs	Least Developed Countries
MAI	Market Access Initiative
MIDH	Mission for Integrated Development of Horticulture
MLT	Medium and Long Term
MoFPI	Ministry of Food Processing Industries
MPEDA	Marine Product Export Development Authority
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small & Medium Enterprises
MT	Metric Ton
NEIA	National Export Insurance Account
NEMITRA	North-East Mission of Tyre Industry for Rubber Augmentation
NHB	National Horticulture Board
PEPC	Project Exports Promotion Council

PLI	Production Linked Incentives
PM	Prime Minister
PTAs	Preferential Trade Agreements
Q2	Second Quarter
QE	Quick Estimate
RBI	Reserve Bank of India
RCMC	Registration-cum-Membership Certificate
RE	Revised Estimates
SCSP	Scheduled Cases Sub-Plan
SDGs	Sustainable Development Goals
SEIS	Service Exports from India Scheme
SEPC	Services Export Promotion Council
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
SoPs	Standard Operating Procedures
ST	Short Term
SWG	Security Working Group
TIES	Trade Infrastructure for Export Schemes
TMA	Transport and Marketing Assistance
TSP	Tribal Sub-Plan
UAE	United Arab Emirates
UK	United Kingdom
UNGA	United Nations General Assembly
USA	United States of America
USD	United States Dollar
UTs	Union Territories
WTO	World Trade Organisation

REPORT

INTRODUCTION

Financial accountability, in a democracy, envisages efficient management and monitoring of public resources in a transparent manner. It must involve constructive analysis of public expenditure to ensure optimal usage of financial resources for effective implementation of Government's programmes and policies. In order to maintain such fiscal prudence and financial propriety in India, Department Related Parliamentary Standing Committees (DRPSCs) are mandated with the task of scrutinising the annual budgetary proposals and examining the Demands for Grants of the respective Ministries/ Departments of the Government. Such evaluation by DRPSCs in the form of Reports are subsequently presented/ laid before both Houses of Parliament.

1.2 The Department Related Parliamentary Standing Committee on Commerce, as provided for in Rule 270 of the Rules of Procedure and Conduct of Business in the Council of States (Rajya Sabha), examines the annual Demands for Grants of the Ministry of Commerce and Industry consisting of two Departments, namely (i) Department of Commerce; and (ii) Department for Promotion of Industry and Internal Trade. This Report of the Committee deals with the examination of Demands for Grants for the year 2023-24 (Demand No.10) of the Department of Commerce.

1.3 The Report presents an insight and analysis of the budgetary proposals of Department of Commerce for the financial year of 2023-24, the ways and means for its utilisation, expenditure incurred in previous years as well as financial prudence adopted by the Department in its overall functioning. It further elaborates the implementation of Schemes/Programmes of the Department and the adequacy of allocated funds for their proper execution and other financial and functional aspects that need to be improved.

DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY

2.1 The Department of Commerce is mandated for the formulation, implementation and monitoring of the Foreign Trade Policy with a vision to promote trade and commerce from the country in terms of both volume and diversity, making India a major global player in the world trade. To implement this vision, the Department is taking holistic measures in areas of export credit, WTO compliant Schemes, logistics and infrastructure for enhancing India's export competitiveness globally.

2.2 The Directorate General of Foreign Trade (DGFT), an attached office of the Ministry of Commerce and Industry, assists the Government in formulating and executing Foreign Trade Policy with the main objective of promoting exports from the country. The efforts of the Department are further supplemented by its attached offices such as Directorate General of Trade Remedies (DGTR), as well as other Subordinate Offices and Autonomous Bodies, *viz*., Commodity Boards, Export Inspection Council of India (EIC), Export Promotion Councils (EPCs), etc.

BUDGET PROPOSALS

3.1 The detailed Demands for Grants of the Department of Commerce are contained in Demand No. 10 of the Expenditure Budget. The details of budgetary allocation of the Department for the year 2022-23 and 2023-24 are as follows:-

(₹ in crore)

Head of Expenditure	**BE 2022-23**	**RE 2022-23**	**BE 2023-24**
Revenue	5673.00	6056.00	5216.43
Capital	400.00	400.00	38.15
Total	**6073.00**	**6456.00**	**5254.58**

3.2 The Committee notes that there has been decrease in the allocation by Rs.1201.42 crore from Rs. 6456.00 crore in RE 2022-23 to Rs. 5254.58 crore in BE 2023-24. On enquiring about the reasons for reduction of the allocation at the BE 2023-24 stage, the Department informed that it is primarily on account of variations in the provision made for National Export Insurance Account (NEIA), Export Credit Guarantee Corporation (ECGC) and Transport and Marketing Assistance (TMA) in BE 2023-24, which have been brought down to Nil or has only a token provision. The details are given here below:

(₹ in crore)

Sr. No.	Name of the Scheme	Actual 2021-22	BE 2022-23	RE 2022-23	BE 2023-24
1	National Export Insurance Account	744.00	450.00	906.00	-
2	Export Credit Guarantee Corporation	760.00	400.00	388.00	0.01
3	Transport and Marketing Assistance	249.99	250.00	545.00	0.01

(Source: Department of Commerce)

i) The provision for NEIA in the BE 2023-24 has been reduced to ‘Nil’ since corpus infusion approved for the 15th Finance Commission period (till 2026) of Rs.1650 crore has already been fully released in the first two years (2021-23) and no more allocation is required.

ii) In case of ECGC, The first two instalments of equity infusion approved for 2021-22 and 2022-23 (Rs500 crore +Rs 388 crore) have already been released and the remaining instalments are conditional to listing of ECGC and feasibility of raising capital. Further, if the funds are required in due course, the same would be sought through supplementary demands.

iii) Regarding the TMA Scheme, there is no provision in BE 2023-24 since it is a foreclosed Scheme w.e.f 31st March 2021 and with the additional provisions in RE 2022-23, the amount is adequate to cover the claims received till the foreclosed date.

3.3 It was further apprised that 91.16 per cent of the amount (i.e. Rs. 5885.00 crore) allocated in RE 2022-23 has been expended till 15th February, 2023 with the anticipation of timely utilisation of the total budget by the end of Financial Year 2022-23.

3.4 The Committee was apprised that against the proposed outlay of Rs. 5990.68 crore which was submitted to the Ministry of Finance at the time of pre-budget discussions, Rs. 5254.58 crore has been allocated to the Department in BE 2023-24. The Department also affirmed that the additional requirement of funds would be taken up with the Ministry of Finance at the revised allocation stage.

3.5 The details of the proposed as well as allocated amount with respect to BE 2023-24 for various heads are as following:

(₹ in crore)

Sl. No.	Scheme/Head	BE 2022-23	RE 2022-23	Expenditure till (15.02.2023)	Proposed outlay 2023-24	BE 2023-24
1	Interest Equalisation Scheme (IES)	2621.50	2376.02	2376.02	3428.53	2932.00
2	Export Credit Guarantee Corporation (ECGC)	400.00	388.00	388.00	0.00	0.01
3	Duty Draw Back (DBK)/Central Sales Tax (CST) -SEZ	221.00	196.01	104.51	204.66	180.00
4	Market Access Initiative (MAI)	200.00	160.00	142.87	240.00	200.00
5	Coffee Board	226.21	228.20	185.66	228.31	226.20

Sl. No.	Scheme/Head	BE 2022-23	RE 2022-23	Expenditure till (15.02.2023)	Proposed outlay 2023-24	BE 2023-24
6	Rubber Board	268.76	268.76	221.79	269.29	268.76
7	Tea Board	131.92	131.92	88.28	137.64	135.00
8	Spices Board	115.50	115.50	103.75	115.50	115.50
9	MPEDA (Marine Product Export Development Authority)	116.00	100.00	87.00	120.00	100.00
10	APEDA (Agricultural and Processed Food Products Export Development Authority)	80.00	80.00	69.10	80.00	80.00
11	Transport and Marketing Assistance (TMA)	250.00	545.00	496.29	0.00	0.01
12	Trade Infrastructure for Export Schemes (TIES)	71.00	71.00	70.50	71.00	71.00
13	Secretariat (including c/o Vanijya Bhawan)	150.48	170.00	111.32	186.33	170.61
14	Trade Commissioners	230.12	236.00	202.99	261.04	240.00
15	DGFT Administration	183.43	169.00	133.06	180.51	174.00
16	Directorate General of Commercial Intelligence and Statistics (DGCI&S)	46.20	43.03	30.92	48.80	43.00
17	Administration SEZs	117.24	105.80	85.44	138.65	113.90
18	National Export Insurance Account (NEIA)	450.00	906.00	906.00	0.00	0.00
19	Trade Remedies & Trade Defence	27.80	27.00	20.17	29.82	27.10

Sl. No.	Scheme/Head	BE 2022-23	RE 2022-23	Expenditure till (15.02.2023)	Proposed outlay 2023-24	BE 2023-24
	(DGTR)					
20	Centre for Regional & International Trade (CRIT)	41.00	32.00	18.00	44.00	41.00
21	Indian Institute of Foreign Trade (IIFT)	40.00	35.00	0.00	115.00	50.00
22	Indian Institute of Packaging (IIP)	15.00	5.00	0.00	15.00	10.00
23	Project Development Fund	16.50	10.00	0.00	2.00	1.99
24	International Conference	10.00	13.96	3.00	30.10	30.00
25	International Co-Op	40.60	40.60	38.89	41.00	41.00
26	Champion Service Sector	0.01	0.00	0.00	0.00	0.00
27	Expenditure on disputes over Foreign Trade	1.30	0.75	0.37	1.00	1.00
28	Delegation from abroad	0.98	1.00	0.90	2.00	2.00
29	Delegation going abroad	0.45	0.45	0.17	0.50	0.50
	TOTAL	**6073.00**	**6456.00**	**5885.00**	**5990.68**	**5254.58**

(Source: Department of Commerce)

3.6 **The Committee notes that against the projected requirement of Rs. 5990.68 crore submitted to the Ministry of Finance, an amount of Rs. 5254.58 crore has been allocated to the Department in BE 2023-24. A shortfall of Rs. 736.1 crore in the total allocation is due to the lowering of budgetary support for the crucial heads of Indian Institute of Foreign Trade (IIFT), Duty Drawback Scheme, Marine Products Export Development Authority (MPEDA), Market Access Scheme (MAI), and Interest**

Equalisation Scheme. The Committee is of the view that the shortfall in budget allocation as against the proposed outlay will act as a hindrance in achieving the desired goals of the Schemes. Therefore, the Committee feels that the allocation of projected amount would have supported the associated sectors of the Schemes. The Committee hopes that the Department follows up the matter of curtailment of funds with the Ministry of Finance and seek enhanced allocation at RE stage, as affirmed to the Committee. The Committee further recommends that proactive measures may be taken by the Department in order to devise a robust monitoring mechanism and identify inconsistencies in implementation of various Schemes/Programmes of the Ministry and ensure timely utilisation of the allocated funds, during the upcoming Financial Year 2023-24.

TRADE PERFORMANCE IN THE FINANCIAL YEAR 2022-23

GLOBAL TRADE RECOVERING FROM COVID-19-INDUCED DISRUPTIONS

4.1 After two years and three waves of COVID-19 pandemic, the Global economy started recovering from the second quarter of Financial Year 2022-23 even as few sectors struggled to regain pre-pandemic momentum. Several high frequency indicators, growth figures, and sectoral indicators signalled recovery. The global trade volume grew by 4.8 per cent in first half of 2022, on top of an impressive recovery of 9.7 per cent in 2021, as per the World Trade Organisation (WTO) statistics. The global merchandise trade in value terms increased year-on-year (YoY), by 22.2 per cent in 2021, reversing the deceleration observed in the previous three years. During the first half of 2022, the trade-in value terms grew by 32 per cent compared to the corresponding period of 2019. As per the statistics published by the Directorate General of Foreign Trade (DGFT), Monthly Foreign Trade Statistics, November 2022, India's share in the World Merchandise Exports has increased from 1.6 per cent to 1.8 per cent and in World Merchandise Imports from 2.1 per cent to 2.5 per cent.

EXPORTS

4.2 The Department informed that India's trade showed resilience to global shocks and remained on high growth trajectory in 2022-23 (April-December). India’s overall exports (Merchandise and Services combined) in April-December 2022 is estimated to be USD 568.57 billion, exhibiting a positive growth of 16.11 per cent over the same period last year. Services exports stood at USD 235.81 billion in Financial Year 2022-23 (April-December) recording a growth of 27.71 per cent over same period of the previous year whereas the Merchandise exports were to the tune of USD 332.76 billion in 2022-23 (April-December) as against USD 305.04 billion during the period April-December 2021, registering a positive growth of 9.09 per cent.

IMPORTS

4.3 In 2021-22, overall imports were USD 760.06 billion exhibiting a positive growth of 48.46 per cent over the same period in the previous year. For the period from April to December, 2022, imports were estimated at USD 686.70 billion as against USD 546.95 billion for the same period i.e April to December, 2021, registering a substantial increase of around USD 139.75 billion and a positive growth of 25.55 per cent.

MERCHANDISE TRADE

5.1 Performance of exports, imports and balance of trade in Merchandise Trade during 2011-12 to 2021-22 (April-December) (QE) is given in the table below:

Merchandise Trade

(Values in US$ billion)

S. No	Year	Exports	Growth%	Imports	Growth%	Trade Balance
1	2011-12	305.96	22.48	489.32	32.33	-183.36
2	2012-13	300.40	-1.82	490.74	0.29	-190.34
3	2013-14	314.41	4.66	450.20	-8.26	-135.79
4	2014-15	310.34	-1.29	448.03	-0.48	-137.69
5	2015-16	262.29	-15.48	381.01	-14.96	-118.72
6	2016-17	275.85	5.17	384.36	0.88	-108.50
7	2017-18	303.53	10.03	465.58	21.13	-162.05
8	2018-19	330.08	8.75	514.08	10.42	-184.00
9	2019-20	313.36	-5.06	474.71	-7.66	-161.35
10	2020-21	291.81	-6.88	394.44	-16.91	-102.63
11	2021-22	422.00	44.62	613.05	55.43	-191.05
	April-December 2022 (QE)	**332.76**	**9.09**	**551.70**	**24.96**	**-218.94**

Source: DGCI&S, QE stands for Quick Estimate

5.2 It is observed that trade balance has been deteriorating constantly with each passing year. While, carefully perusing the trade data of Financial Year-2021-22, it is seen that the merchandise imports have spiked by 55.43 per cent compared to the same period in FY-2020-21. However, in contrast to the same, merchandise exports had also registered a growth of 44.62 per cent, keeping the trade balance in check. Though, the same trend is not exhibited in FY-2022-23 (April to December, 2022), wherein the exports have registered growth of 9.09 per cent and imports have accelerated by 24.96 per cent. This has led to worsening of merchandise trade balance which had reached the level of USD -218.94 billion.

TRADE DEFICIT

6.1 Overall (Merchandise and Service Combined) trade deficit in 2021-22 was USD 83.53 billion, which was substantially higher than the deficit of USD 14.06 billion in 2020-21. Overall trade deficit for the period April to December, 2022 was estimated at USD 118.12 billion as against the deficit of USD 57.26 billion during April to December, 2021. The major cause of this trade deficit is due to spike in Merchandise imports by 24.96 per cent.

6.2 The Department has informed that Trade deficit depends upon relative fluctuations in the import and export of different commodities and services due to global and domestic factors such as demand and supply gap in domestic and international markets, currency fluctuations, international prices, etc. India's trade got affected due to slowdown in some developed economies due to COVID induced lockdowns, Russia-Ukraine conflict and the consequential slowdown in global demand and supply. After Russia-Ukraine crisis, India has increased import of crude petroleum and products from Russia and Azerbaijan which has increased the trade deficit with these countries.

TRADE *VIS-À-VIS* GDP

6.3 The Committee was informed that the overall (Merchandise and Services combined) exports to GDP ratio has been seeing a declining trend over the past few years, however, it exhibited an increase in 2021-22 and stood at 21.30 per cent.

6.4 Merchandise export to GDP ratio was reported at 13.92 per cent in FY-2021-22. Services exports' contribution in India's GDP increased from 7.7 per cent in 2018-19 to 8.01 per cent in 2021-22.

6.5 **The Committee observes, as per the Economic Survey 2022-23, the trade performance has declined from the second quarter of FY-2022-23, and one of the major reasons for the same is downfall of merchandise exports. The Committee has been apprised by the Department that the global economy has started facing formidable headwinds and the ripple effect of the global trade slowdown has started reflecting in India's merchandise export growth, wherein moderation in pace is observed in the current year. Economic Survey 2022-23 also depicts that several adverse factors such as increasing likelihood of a recession in the major economies, tapering demand for consumer durables, aggressive monetary policy tightening by several central banks, disorderly financial conditions, continued supply-chain disruptions and elevated freight charges have contributed to the degradation of trade balance during the second half of 2022. The Committee, therefore, recommends that the Department should be proactively monitoring international trade**

trends and global economic environment and take appropriate steps to counter the ill effects of present volatility in the global markets.

6.6 On perusing the sector-wise performance of the export of major commodity groups during 2021-22 and 2022-23, the Committee notes the negative growth in exports during the year 2022-23 in the following sectors :-

(Value in USD million)

Sl. No.	Major Commodities	2021-22 (April-Dec)	2022-23 (April-Dec)	% change from 2021-22
1.	Cotton Yarn/Fabs. /Madeups, Handloom Products Etc.	11304.00	8174.00	-27.7
2.	Iron Ore	2468.00	839.00	-66.0
3.	Cashew	341.00	249.00	-27.0
4.	Plastic And Linoleum	7325.00	6470.00	-11.7
5.	Spices	2950.00	2756.00	-6.6
6.	Engineering Goods	82324.00	79807.00	-3.1

(Source: DoC)

6.7 **The Committee recommends the Department to scrutinise the reasons for the slump in exports from crucial sectors of Engineering goods, Iron Ore, Spices, Plastic and Linoleum & Cashew in 2022-23. Despite presence of dedicated export promotion council such as EEPC India for promotion of export of Engineering goods, PEPC for promotion of export of Plastics & Linoleum products and monitoring bodies such as Agricultural and Processed Food Products Export Development Authority (APEDA) for promotion of export of Cashew Nuts and its products, Spices Board for export promotion of spices, etc., negative growth has been registered in the above mentioned commodities for the current financial year. The Committee, therefore, recommends that the Department should identify the infirmities and prepare a specific plan to inhibit the downtrend in exports of the highlighted Commodities.**

SERVICES TRADE

7.1 India's service trade has been robust, despite headwinds due to global slowdown. India’s services exports stood at USD 254.53 billion in FY 2021-22 recording a growth of 23.50 per cent over FY 2020-21 and registered a growth of 27.71 per cent in April-December 2022 over the same period of FY 2020-21 and the Department has set a target for USD 300.00 billion for the upcoming financial year. The Department has submitted that apart from a strong IT and ITeS export, the growth in travel, professional services, accounting and legal services, management consultancy, etc., have picked up pace over the years. Further, it was also intimated to the Committee that at present there is no operational Scheme for promotion of service exports, the benefits as per the earliest Scheme of SEIS were available only upto 2019-20.

7.2 The Department also shared the challenges in the service sector exports which are as follows:-

I. Services export is dependent on various domestic regulation of respective countries and the recognition of qualification by the service importing country.

II. Constraints due to absence of robust mechanism for compiling services exports data. Also, RBI doesn't share country-wise export data of services for public use which acts as a major hindrance in terms of analysing the trade flows, bilateral and multilateral trade data for developing MIS on growth opportunities, market competitiveness and emerging markets.

III. Reduction in Services Export Promotion Council's revenue due to drop in membership owing to lack of incentives to service exports.

7.3 **The Committee notes that the surplus accrued from service trade contributed in reducing the Current Account Deficit of the country. It is of utmost importance that service exports must be reinforced with necessary support measures. The Committee observes that no replacement Scheme has been introduced for the service exporters as a substitute to the discontinued SEIS Scheme. The Committee, therefore, recommends replacement of the erstwhile SEIS Scheme or a revamped SEIS Scheme must be launched at the earliest which will not only promote exports of service industry but also assist Services Export Promotion Council (SEPC) in raising its own resources. The Committee also recommends that the Department may be proactive in signing FTA's and Bilateral agreements considering the trade and tariff barriers against the service exports of the country. The Committee notes that the country-wise export data of services is not shared by RBI, therefore, it is recommended that channel for exchange of information must be established between the Department of Commerce and Reserve Bank of India, in order to facilitate the Department in taking corrective measures and formulate Schemes supported with factual data and the data may also be placed in the public domain.**

CHINA PLUS ONE STRATEGY

8.1 The Committee notes that the 'China plus One' strategy through which Multinationals are looking at alternative destinations for reducing their reliance on manufacturing and production in China has not been able to properly take off in the country. India has not been able to take advantage of this opportunity, whereas smaller South Asian countries such as Vietnam, Thailand, Cambodia, etc., have become the biggest beneficiaries of the China Plus One Strategy. Despite availability of resources and planning, India has not been able to create a positive impression amongst the businesses which are moving away from China. The Department has submitted that certain steps such as Production Linked Incentives (PLI) Schemes launched by the Government have the capability to make India a more attractive location for companies looking to diversify their supply chains away from China. Further, the Government is constantly striving to simplify the compliances on businesses and to improve overall business environment in the country. Also, more than 3,500 provisions have been decriminalized by Ministries and States/UTs, further Jan Vishwas Bill to amend 42 Central Acts has been introduced to enhance trust-based governance.

8.2 **The Committee is of the view that the 'China Plus One Strategy' presents in itself as a rare opportunity to boost industrialization and the Country to emerge as a part of Global Value Chains (GVCs) replacing China in various strategic industrial sectors. The South East Asian nations such as Vietnam, Thailand, Taiwan and Malaysia have emerged as viable alternatives to machinery, automobiles, transport and electrical equipment industries shifting their manufacturing bases away from China. Factors such as cheap labour, lower corporate Income Tax, proactiveness in signing Free Trade Agreements (FTAs), conducive business environment, etc, are providing additional advantage to these countries alongwith their Geographical positioning advantage. The Committee, therefore, recommends that measures such as rationalization of direct taxes and indirect taxes must be done in sync with the international norms and laws such as WTO to increase the competitiveness of Domestic Industries in the Global markets. It further recommends that the Government to pursue Free or Preferential Trade Agreements with countries that seek to invest in India under the 'China Plus One Strategy'.**

INDIA’S G20 PRESIDENCY AND ITS IMPLICATIONS UPON THE NATION'S TRADE

9.1 The Group of Twenty (G20) is a premier inter-governmental forum for international economic cooperation. It represents top economies of the world, and plays an important role in shaping and strengthening global architecture and governance on all major international economic issues. The G20 members collectively represent around 85 per cent of the global GDP, over 75 per cent of the global trade, and about two-thirds of the world population.

9.2 The Department has informed that during the India's G20 Presidency tenure the nation will look forward to deepen the trade relations with major economies represented in the forum. Further, it is intended to enhance cooperation among member countries on critical issues related to reducing non-tariff barriers to trade, building resilient global value chains and making logistics efficient and seamless. It will build consensus for designing a common action plan to reduce non-tariff barriers for exports from developing countries with a particular emphasis on LDCs and Global South. It also aims to forge a consensus on the need for inclusive trade policies that promote and not inhibit the recovery efforts, adapt to new challenges and are people-centric and sustainable contributing to expansion of Indian exports.

9.3 **The Committee hopes that India's presidency in G20, further opens up global trade regime and rolls backs damaging trade restrictions and reduces uncertainty in the global markets. The Committee also recommends that the gains arising out of India's G20 presidency may be complemented with multilateral agreements and trade reforms.**

INTERNATIONAL TRADE SETTLEMENT IN INDIAN RUPEE

10.1 The Committee has been informed that as per AP(DIR Series) Circular No. 10 dated July 11, 2022 on International Trade Settlement in Indian Rupees (INR) an additional arrangement has been put in place by RBI for settlement of trade transactions with any country. As per the arrangement, Authorised Dealer (AD) bank in India may open Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country. The surplus balances held in this account can be used for the purposes specified in abovementioned Circular including payments for projects and investments, export/Import advance flow management, investment in Government Treasury Bills, Government securities, etc.

10.2 The Directorate General of Foreign Trade (DGFT) had introduced Para 2.52(d) in the Foreign Trade Policy vide Notification No. 33/2015-20 dated 16.09.2022, to allow for International Trade Settlement in Indian Rupees (INR) i.e., invoicing, payment, and settlement of exports / imports in Indian Rupees in sync with RBI's A.P. (DIR Series) Circular No.10 dated 11th July 2022. Further changes have been introduced in the Foreign Trade Policy, vide DGFT Notification 43/2015-20 dated 09.11.2022 and Public Notice 35/2015-20 dated 09.11.2022 for grant of exports benefits and fulfillment of Export Obligation for export realisations in Indian Rupees as per the RBI guidelines.

10.3 **The Committee appreciates the steps taken by the Department and acknowledges the various benefits of trade settlement in India Rupee in global markets such as relieving of pressure on India's dollar reserves, positive impact of Rupee valuation and in turn easing of inflationary pressure owing to weakening of currency. The Committee further recommends for the**

formulation of an Empowered group of Secretaries for speedy identification of countries that are interested in settlement of import and export in Indian Currency.

IMPACT OF RUSSIA-UKRAINE CONFLICT

11.1 Two years later, as the global economy was recovering from the pandemic-induced output contraction, the Russia-Ukraine conflict broke out in February 2022, triggering an upswing in commodity prices and, thus, accelerating existing inflationary pressures. This has led to emergence of logistics issues, payment issues and supply chain disruptions, mainly due to imposition of sanctions on Russia. However, with frequent expression of interest from Russia, India's trade with Russia has touched new highs of USD 22,642.69 million which includes exports of USD 1,294.74 million and imports of USD 21,347.95 million. Nevertheless, the Russia-Ukraine conflict has deep impacts upon the global trade and its spillover effects hindered development of economies of various other countries.

11.2 The Department informed about the various steps taken to counter the impediments formed due to the conflict, some of them are as under:

i. Rupee Trade Mechanism wherein arrangement has been put in place by the RBI for settlement of trade transactions with any country;

ii. International North-South Transport Corridor (INSTC): INSTC is an important initiative taken by India, Russia and Iran to promote transportation cooperation and to enhance their connectivity with the Central Asian countries;

iii. Institutional Mechanism (JWG/SWG): The 3rd IRSWG on Elimination of Trade barrier, Economics and Investment Spheres was held on 22nd December, 2022 and 24th India Russia Joint Working Group on Trade and Economic Cooperation (IRJWG) held on 15th February, 2023; and

iv) Furthermore, information is regularly exchanged with Russian Authorities and stakeholders about specific commodities and their suppliers to facilitate trade.

11.3 **The Committee notes the ramifications of the Russia-Ukraine crisis and observes the spike in import of petroleum products from Russia. The Committee opines that constant monitoring of international markets and review of trade strategies are needed in this period of volatility.**

FOREIGN TRADE POLICY (FTP)

12.1 The Foreign Trade Policy (FTP) 2015-20 aims to grow the Indian export of goods and services, generating employment and increasing value addition in the country. The Committee has been informed that the existing Foreign Trade Policy

(FTP) has been extended till March 31, 2023 following feedback against releasing any long-term strategy in the wake of volatile global economic and geo-political situation, supply chain disruptions and currency depreciation.

12.2 **The Committee hopes that with the normalcy returning to the trade and industry worldwide, the Department will take steps to release the new Foreign Trade Policy.**

FREE TRADE AGREEMENTS (FTAs)

13.1 The Department has informed that India has signed 13 Free Trade Agreements (FTAs) and 6 Preferential Trade Agreements (PTAs) so far and negotiating with other promising partner countries, namely the United Kingdom, Canada and the European Union in a constructive manner with a view to achieve balanced outcomes aimed at pursuing greater market access for Indian products while addressing domestic sensitivities.

13.2 In the year 2022, India signed Free Trade Agreements (FTAs) with UAE and with Australia. This aims to provide greater market access with a reduction in tariff and non-tariff barriers on goods and services and make the exporters competitive. It is expected that conclusion to FTA negotiations with EU, UK and Canada will be reached in the upcoming year.

13.3 The Committee has been informed that with the enactment of India – Australia Economic Cooperation and Trade Agreement, a number of initiatives were taken to promote the cause of exports of Indian products particularly those pertaining to labour oriented sectors such as Textiles, Apparels, Leather products, Agri-products including Marine products, Gems & Jewellery products, etc. Also, certain programmes such as Outreach & awareness programs, Buyer-Seller Meets and Co-operational activities have been undertaken alongwith constant monitoring to sort out issues.

13.4 **The Committee notes that the ability to benefit from the FTAs will depend on a number of intervening variables like good infrastructure and lower cost of doing business. The Committee is of the opinion that FTAs are crucial for growth of trade of the country and specific Schemes and programmes should be formulated before the enactment of the FTAs in an expeditious manner to reap trade benefits with the associated industries. India is better placed today to leverage the global political and economic climate and to become a vital cog in the Global Supply Chain. It is essential that Government may take proactive steps in signing of the FTAs with other countries of complementary interest. The FTA's impact/advantage can be more capitalized by the private sector with the diversification of trade basket and destination. It further opines that a trade information and market facilitation portal must be setup which may include all tariff and certification**

requirements in order to provide exporters a one stop destination to acquire all the information relevant to their product.

SHIPPING FREIGHT CHARGES

14.1 As per the Economic Survey 2022-23, following the resumption of global activity, shortages of shipping vessels and high transportation costs resulted in a spike in transport payments. This high transportation cost, indirectly gets included in the commodities' prices rendering the exports uncompetitive. Further, it has been informed to the Committee that despite of having a 7,500 km long coastline, a significant national EXIM trade that is steadily growing on an annual basis and a policy of 100 per cent FDI in shipping since 1997, the India's national fleet comprises of meagre 1.2 per cent of the world fleet in terms of capacity.

14.2 The Department has apprised the Committee that for foreign voyage the cost of operation of an Indian vessel is higher by around 20 per cent compared to its foreign counterparts. Further, in order to address the cost disadvantage suffered by Indian flag ships, the Cabinet approved a Scheme in July 2021 providing an amount of Rs.1,624 crore over five years to promote flagging of merchant ships in India by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and Central Public Sector Enterprises (CPSEs) as per PIB release dated 14th July, 2021. The subsidy support proposed to be provided to Indian shipping companies would enable more Government imports to be carried on Indian flag ships. Further, it would also make it more attractive to flag merchant ships in India as their current relatively higher operating costs would be offset to a large extent through the subsidy support. This would lead to an increase in flagging and would link access to Indian cargo to investment in Indian ships.

14.3 The share of Indian ships in the carriage of India's EXIM trade has drastically declined from 40.7 per cent in 1987-88 to about 7.8 per cent in 2018-19. This has led to an increase in foreign exchange outgo on account of freight bill payments to foreign shipping companies, to the tune of around USD 53 billion in 2018-19 and approximately, USD 637 billion during the last 13 years.

14.4 **The Committee notes the proactive steps being taken by the Government to make EXIM trade more attractive by focusing on PM Gati Shakti National Master Plan and National Logistics Policy thereby addressing infrastructure and procedural gaps. However, the Committee is concerned about the increasing cost of EXIM trade due to our dependence on foreign shipping companies which makes a hole in the exchequer. The Committee recommends that a comprehensive analysis of the shipping infrastructure/industry should be made to make the industry globally competitive to make it the pillar of national export strength. The Committee also recommends to review the existing tax structure and provide fiscal**

support to attract private sector investors and continue to provide subsidy to support the Indian shipping companies.

INTERNATIONAL YEAR OF MILLETS

15.1 The Government of India sponsored the proposal for International Year of Millets (IYM) 2023 which was accepted by the United Nations General Assembly (UNGA). Recognising the enormous potential of Millets, which also aligns with several UN Sustainable Development Goals (SDGs), the Government of India (GoI) has prioritized Millets and it has been projected that the global market for Millets is to register a CAGR of 4.5 per cent during the forecast period between 2021-2026. Hon'ble Finance Minister of India has also referred to the Millets as 'Shree Anna' in the Budget Speech of financial year 2023-24 which roughly translates to a food grain which has divine grace.

15.2 The Department apprised the Committee about the strategy formulated to promote exports of millets and its value-added products which includes setting up of conclave for spreading of awareness amongst the top trading 100 nations and inviting buyers to show them the unique products that India has to offer and to ultimately secure a space for Indian millets in every diet and every meal across the globe. Besides organizing Buyer-Seller Meet at New Delhi among 36 international buyers, Embassies of Importing countries, dignitaries and stakeholders of different departments, Agricultural and Processes Food Products Export Development Authority (APEDA) is in process of facilitating participation of exporters, Farmer Producer Organisations (FPOs)/ Farmer Producer Companies (FPCs), traders in various international events by organizing Buyer-Seller Meets in more than 16 International Trade Fairs such as Gulfood 2023, Dubai, Foodex, Japan, Fine Food, Australia, Anuga Food Fair, Germany, etc., during the year. In addition, APEDA is also striving to engage leading importers/departmental store/Super market/hyper market chains through Indian Missions. Food sampling and tasting campaigns are also being organised to promote millets. Branding/publicity of Indian Millets would be done in the targeted countries and markets in association with India Brand Equity Foundation (IBEF).

15.3 As per the PIB press release dated 08.02.2022, India is the largest producer of Millets with a share of around 41 per cent of total world production in 2020, however, the country's export share is 6.69 per cent of the World export of Millets (2020). Further, it is noted that top importers of Millets in the international markets are Indonesia (8%), Belgium (7.36%), Germany (4.65%), Mexico (4.1%), Italy (4.02%), United States of America (3.35%), United Kingdom (3.25%) Brazil (3.24%) and Netherlands (3.14%) and top importers of Indian millets are Nepal (USD 6.09 million), UAE (USD 4.84 million) and Saudi Arabia (USD 3.84 million).

15.4 **In the light of forgoing figures, the Committee feels that the Department should take further steps to penetrate the Global Market of Millets. The Committee recommends the Department to consider setting up a Board to provide export related assistance and promotion of Millets in the domestic as well as international markets. The Committee also recommends formulation of a specific Scheme for development of trade related infrastructure and transport related assistance to the exporters, Farmer Producer Organisations (FPOs)/ Farmer Producer Companies (FPCs) and traders of Indian Millets. This is also to be ensured that the Department promotes the well being of small farmers who are involved in the cultivation of the 'Shree Anna'.**

PHARMACEUTICAL EXPORT AND ACTIVE PHARMA INGREDIENTS (API)

16.1 The Indian pharmaceutical industry is on a high growth trajectory and has been ranked as 3rd largest in the world by volume. During 2021-22, Indian pharma exports grew by 0.71 per cent to reach USD 24.62 billion. This modest growth should be seen in the background of unprecedented export growth of 18 per cent in 2020-21, spurred by strong demand for the country's generic drugs in the wake of COVID-19 pandemic. Drugs and pharmaceuticals is the 4th largest principal commodity being exported by India and the exports during 2021-22 contributed to 5.92 per cent of merchandise exports. India's top 5 pharma export destinations in 2021-22 were USA, UK, South Africa, Russia, and Nigeria. India is heavily dependent on imports of many Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) for meeting the requirements of the domestic sector as well as for manufacturing of formulations. India’s competitive position in the pharma sector, is undermined by its high import dependence for bulk drugs or APIs, especially from China.

1. Details of APIs (Bulk Drug and Drug Intermediates) imported from China & from other countries from 2019-20 to 2022-23 (upto November, 2022)

Year	**Total Import**		**Import from China**	
	Quantity of Import (MT)	**Value of Import (In Rs. Cr)**	**Quantity of import from China (MT)**	**Value of import from China (In Rs. Cr)**
2019-20	3,64,433	24,172	2,20,875	16,443
2020-21	3,90,476	28,529	2,56,609	19,403
2021-22	4,00,642	35,249	2,64,582	23,273
2022-23 (upto November, 2022)	2,91,782	27,209	1,92,808	18,973

Source: *DGCIS, Ministry of Commerce and Industry.*

2. <u>Details of Imports (by value) of APIs (Bulk Drug and Drug Intermediates) from top 25 countries in FY 21-22</u>

S. No	COUNTRIES	2021-22 (₹ in crore)
1.	CHINA	23273.02
2.	USA	3096.81
3.	SINGAPORE	964.28
4.	ITALY	830.04
5.	SPAIN	618.46
6.	KOREA RP	560.33
7.	JAPAN	555.42
8.	GERMANY	549.71
9.	HONG KONG	492.87
10.	SLOVENIA	388.99
11.	AUSTRIA	374.64
12.	FRANCE	351.15
13.	DENMARK	345.11
14.	SWITZERLAND	272.85
15.	NETHERLAND	268.91
16.	BELGIUM	266.23
17.	INDONESIA	235.29
18.	TAIWAN	227.77
19.	UK	212.91
20.	HUNGARY	212.22
21.	MALAYSIA	200.84
22.	MEXICO	177.59
23.	CZECH REPUBLIC	120.09
24.	UAE	68.14
25.	CANADA	50.63

***Source:** DGCIS, Ministry of Commerce and Industry*

16.2 The Department was enquired about the steps taken to reduce the dependency upon the imports and also boost domestic production of the APIs. The Department replied, that in order to make the country self-sufficient following measures have been taken:

(i) Under the Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) in India with a financial outlay of Rs. 6,940 crore and the tenure from FY 2020-2021 to FY 2029-30, the financial incentives are planned to be provided for 41 identified products. A total of 51 applications have been selected under the

Scheme. Out of these, 21 projects have already been commissioned with the installed capacity of 33,895 MT.

(ii) Production Linked Incentive Scheme for Pharmaceuticals, with a financial outlay Rs. 15,000 crore and the tenure from FY 2020- 2021 to FY 2028-29, provides for financial incentives to 55 selected applicants for manufacturing of identified products under three categories for a period of six years. For these 55 selected applicants approximately 5500 eligible products have been approved under the Scheme. The eligible drugs under this Scheme include APIs among other categories of pharmaceutical products.

(iii) Scheme for Promotion of Bulk Drug Parks, with a financial outlay of Rs. 3,000 crore and the tenure from FY 2020-2021 to FY 2024-25, provides for financial assistance for creation of common infrastructure facilities to three States which have been selected under the Scheme, *viz.*, Gujarat, Himachal Pradesh and Andhra Pradesh. The industrial units setting up plants for APIs in these Parks will get benefitted from the common infrastructure developed under the Scheme, which will minimise the manufacturing cost and maximise their competitiveness.

16.3**The Committee notes the steps taken by the Department, however, it is evident from the data mentioned above that it is of utmost importance to incentivize the growth of Indian pharmaceutical companies. It is high time for India to be self-sufficient in critical areas as COVID-19 has exposed the fragility of global supply chains. The Committee notes the steps initiated by the Government such as PLI Scheme for promotion of domestic manufacturing of KSMs/DIs and APIs in India. The Committee, however, feels that the PLI Scheme has more emphasis towards generic drugs. The Committee feels that the research in pharmaceutical industry can be expanded to biologics and biosimilars. The establishment of Bulk Drug Park in three States will certainly help in easing the imports of APIs and translating into exports of medicines. The Committee recommends that the functioning of the existing bulk Drug Parks may be reviewed and other State Governments may be persuaded to establish Drug Parks. The Committee also recommends that a rigorous monitoring framework must be established to ensure that the drugs being manufactured by the domestic pharma industries are at par with the international standards.**

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD. (ECGC LIMITED)

17.1 ECGC Limited, a Premier Export Credit Agency (ECA) of the Government of India, was set up in 1957 in Mumbai, under the Companies Act 1956, to provide export credit insurance services on short term (ST) and medium and long term

(MLT) basis to exporters and banks to facilitate exports from the Country. ECGC Ltd. has been entrusted with carrying out of important activities such as granting of credit insurance to exporters for covering their losses in the event of occurrence of political or commercial risks like default, insolvency and repudiation in respect of payment due from the overseas buyers. Further, the banks obtain export credit insurance covers to protect against losses that may be incurred due to default or insolvency of the exporter borrower in respect of export credit (working capital loans) extended. The Department has submitted the performance chart of ECGC for FY 2021-22 and FY 2022-23 (as on 31st December 2022):

(₹ in crore)

Sl. No.	Performance Parameter	FY 2021-22	FY 2022-23 (Up to 31.12.2022)
1	Total number of Insurance Covers	24,718	20,116
2	Total Maximum Liability	1,03,879	1,07,653
3	Total Business Covered (Risk Value)	6,18,841	4,49,989
4	Total Premium Amount	1,107	832

(Source: Annual Report, DoC)

17.2 With regards to the budget allocation, it has been informed by the Department that during the FY 2021-22, a total of Rs.760.00 crore was released towards Investment in ECGC. Out of this total amount, the infusion of Rs. 260.00 crore was made (being the balance release) in pursuance to the Cabinet Committee on Economic Affairs (CCEA) approval dated 27.06.2018 for capital infusion of Rs. 2000.00 crore and strengthening ECGC (FY 2017-18 to FY 2019-20). Subsequently, the CCEA in its meeting held on 29.09.2021 approved capital infusion of Rs. 4400.00 crore into ECGC Ltd. during 2021-22 to 2025-26. Although, the release of first installment of Rs. 500 crore was unconditional, the release of second installment of Rs. 500 crore was to be suitably synchronized with the listing process proposed by Department of Investment and Public Asset Management (DIPAM) through the Initial Public Offering (IPO). Also, subsequent instalments would be released based on the assessment of feasibility of raising further capital from the market in consultation with DIPAM. The details of allocation of funds under Investment in Export Credit Guarantee Corporation (ECGC) are given hereunder:-

(₹ in crore)

Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
Investment in Export Credit Guarantee Corporation (ECGC)	400.00	388.00	388.00	0.01

17.3 **The Committee expresses its concern over the token allocation of Rs 1 Lakh made under BE 2023-24 to the ECGC. It is of the view that since the instalments beyond the first installment are conditional in nature and are to be released on completion of assessment by Cabinet Committee on Economic Affairs (CCEA), the crucial Schemes and Programmes being implemented would be adversely impacted due to the dearth of funds. The Committee, therefore, recommends that the process of listing and release of IPO must be completed at the earliest and in the meanwhile the Department must coordinate with DIPAM and ensure that Schemes and programmes being implemented by the ECGC do not suffer due to shortage of funds. Further, if need be, additional funds may be sought at the supplementary grants stage as per the requirements during the course of the Financial Year 2023-24.**

INTEREST EQUALISATION SCHEME (IES)

18.1 The Interest Equalisation Scheme has been formulated to give the benefit in the interest rates being charged by the banks to the exporters on their Pre and Post-Shipment Rupee Export Credits. The broad objective of the Scheme is to provide exporters an economical source of rupee credit for pre shipment and post-shipment activities.

18.2 The Department has informed that the Scheme was extended from 01.10.2021 to 31.03.2024 along with the reduction in interest equalisation rates from 5 per cent to 3 per cent for exporting under any Harmonised System (HS) lines, and from 3 per cent to 2 per cent for manufacturer exporters and merchant exporters exporting under 410 notified HS lines w.e.f 01.10.2021.

18.3 The details of allocation of funds under Interest Equalisation Scheme to the RBI are given hereunder:-

(₹ in crore)

Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
Interest Equalisation Scheme	2651.50	2376.02	2376.02	2932.00

(Source: DoC)

18.4 The Committee has been informed by the Industry Associations that owing to the global slowdown, this Scheme is crucial to make the country's exports competitive. However, it must be noted that since the interest rates have crossed the pre-pandemic levels the subvention must be increased from 3 per cent to 5 per cent for MSME manufacturer exporters and from 2 per cent to 3 per cent for identified tariff lines.

18.5 **The Committee notes the reduction of subvention rates under the Interest Equalisation Scheme following its extension w.e.f 01.10.2021 affected affordability of loans to exporters. The Committee also observes that with the tightening of the monetary policy, the interest rates have already crossed the pre-pandemic levels and are still on the rise. Further, in addition to the increasing interest rates, the period of subdued global demand has also affected the exporters of the country. The Committee, therefore, recommends that the Department considers expeditiously restoration of the 5 per cent interest subvention for exporting under any HS lines and 3 per cent for manufacturer exporters and merchant exporters exporting under 410 notified HS lines from 01.10.2021 and engage with all exporter associations in this regard. Accordingly, the Department may seek additional funds at the supplementary stage for the Financial Year 2023-24.**

TRADE INFRASTRUCTURE FOR EXPORT SCHEME (TIES)

19.1 Trade Infrastructure for Export Scheme (TIES), has been implemented by the Government of India w.e.f. FY-2017-18 and it provides financial assistance in the form of grant-in-aid to Central/State Government owned agencies for setting up or for up-gradation of infrastructure projects with overwhelming export linkages like the Border Haats, Land customs stations, quality testing and certification labs, cold chains, trade promotion centres, dry ports, export warehousing and packaging, SEZs and ports/airports cargo terminuses as per the guidelines of the Scheme. In addition, studies related to Export logistics including identification of sector-specific infrastructure gaps and mapping of assets created are also funded by the grant-in-aid received under this Scheme.

19.2 The details of allocation and expenditure of funds under Trade Infrastructure for Export Scheme (TIES) are given hereunder:-

(₹ in crore)

Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
Trade Infrastructure for Export Scheme (TIES)	71.00	71.00	70.50	71.00

(Source: DoC)

19.3 **The Committee has been informed by the Industry Associations that the budget allocated to the TIES for FY 2023-24 is not sufficient to meet the increasing exports and supporting districts as an export hub. Further, it has been informed that with the increase in demand of certification and testing etc., to meet the global standards, the budget allocation of Rs. 71 crore is inadequate. In addition, it has also been stated that the Scheme is indispensible in development of export infrastructure such as creation of transhipment hubs which may reduce the country's dependence upon foreign ports which handle nearly 75 per cent of India's Transshipment cargo. The Committee notes that stipulated conditions such as ceiling of Rs 20 crore for each infrastructure project; Central Government assistance limited to 50 per cent of the total equity of the project (80 per cent in the case projects located in North Eastern States, Himalayan States including UT of Jammu & Kashmir, Ladakh); and delay in release of funds from the State Governments have been acting as impediments in completion of various projects under the Trade Infrastructure of Export Scheme. Therefore, the Committee recommends the Department to assess the impact of the above mentioned conditions upon the timeline and cost of existing projects carried out under the Scheme and accordingly, address the issue at the earliest. Further, the Committee also recommends that Department may consider increasing the allocation at the supplementary stage during FY 2023-24 to finance the high-priority infrastructure projects required for augmentation of export of the country.**

TRANSPORT AND MARKETING ASSISTANCE (TMA) FOR SPECIFIED AGRICULTURE PRODUCTS

20.1 The "Transport and Marketing Assistance" (TMA) for specified agriculture products Scheme aims to provide assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate disadvantage of higher cost of transportation of export of specified agriculture products due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets.

20.2 The details of allocation of funds under Trade and Marketing Assistance (TMA Scheme) are given hereunder:-

(₹ in crore)

Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
Transport and Marketing Assistance Scheme (TMA)	250.00	545.00	490.32	.01

(Source: DoC)

20.3 The Department has informed the Committee that the TMA actual expenditure was Rs. 249.99 crore in 2021-22 and the provision was increased to Rs. 545.00 crore in RE 2022-23 but carries only a token provision in BE 2023-24. An additionality of Rs. 295 crore was provided in RE 2022-23 to discharge the pending obligations. There is no provision in BE 2023-24 since it is a foreclosed Scheme since 31st March 2021 and with the additional provisions in RE 2022-23, the amount is adequate to cover the claims received till the foreclosed date.

20.4 The Industry Associations during interaction emphasized the need of extension of transport and marketing assistance to the agricultural sector for increasing the exports of agricultural products.

20.5 **The Committee observes that the Transport and Marketing Assistance (TMA) Scheme played a pivotal role providing transport and marketing assistance to agricultural exporters of specified products. Since the Scheme outlay has been completed in the FY 2022-23, token allocation of Rs. 1 lakh has been earmarked in BE 2023-24. However, the Committee is of the view that replacement or revamped Scheme may be formulated and launched at the earliest, to give boost to the country's agricultural produce which has huge potential in the international markets.**

CUT & POLISHED (WORKED) LAB GROWN DIAMONDS

21.1 There has been promising growth in the exports of cut & polished lab grown diamonds as its demand has surged in international markets over the past few years. The Department informed that the export trade of cut & polished lab grown diamonds has steadily increased from USD 237.89 million in 2017-18 to USD 1348.24 million in 2021-22, showing compounded annual growth rate (CAGR) of 54.3% in last 4 years. India is one of the leading producers of lab grown diamonds using Chemical Vapour Deposition (CVD) technology and as per industry estimates, India’s share in global trade in the financial year 2021-22 was 25.8 per cent. Export data of the cut & polished lab grown diamonds since Financial Year- 2017-18 has been produced below:-

(Values in USD Million)

Commodity	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (Apr-Nov 2022) (P)
Cut & Polished (Worked) Lab grown Diamonds*	237.89	274.75	473.65	637.97	1,348.24	1,278.39

Source: DGCIS

* HS Code for Cut & Polished (Worked) Lab grown Diamonds: 71049010 for 2017-18 to 2021-22 and 71049100 for 2022-23; (P): Provisional Data

21.2 It is also informed that in order to boost research and development, Government has announced establishment of the India Centre for Lab Grown Diamond (InCent-LGD) at IIT Madras with the estimated cost of Rs. 242.96 crore over five years. The proposal will provide technical assistance to the people, industries, and entrepreneurs in the country in indigenously manufacturing both Chemical Vapour Deposition (CVD) and High Pressure and High Temperature (HPHT) systems along with the recipes for expanding the Lab Grown Diamond (LGD) business, thereby increasing employment contribution in India's economic growth.

21.3 In addition, the Department in consultation with concerned Ministries/Authorities and industry is developing a Chain of Custody (CoC) mechanism for tracing and tracking lab grown diamond through a blockchain on a revenue neutral basis and ensuring availability of credit by banks for lab grown diamond industry.

21.4 **The Committee notes with admiration the substantial export performance of lab grown diamond industry which has delivered CAGR of 54.3 per cent in last four years. However, it is of concern that no specific Scheme has been formulated by the Department to provide support measures to the industry. Further, it is observed that Department has not proposed any budget allocation in the BE 2022-23, RE 2022-23 & BE 2023-24 stage. As per the Department's reply the allocation made to Market Access Initiative (MAI) Scheme will be utilized for export promotion activities for lab grown diamonds. The Committee, therefore, recommends that a separate allocation must be sought at the supplementary stage for the export promotion and any additional incentive which needs to be provided to augment exports of cut & polished lab grown diamonds. The Committee also recommends that required assistance may be provided so as to enable the industry to capitalise upon the Comprehensive Economic Partnership Agreement (CEPA) with UAE and Economic Cooperation and Trade Agreement (ECTA) with Australia.**

BUDGETARY PROPOSALS FOR APEDA, MPEDA AND PLANTATION BOARDS

22.1 The details of budgetary allocation under APEDA, MPEDA and Plantation Boards are as follows:-

(₹ in crore)

Sl. No.	Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
1.	APEDA	80.00	80.00	69.10	80.00

2.	MPEDA	116.00	100.00	87.00	100.00
3.	Tea Board	131.92	131.92	88.27	135.00
4.	Coffee Board	226.21	228.20	185.66	226.20
5.	Rubber Board	268.76	268.76	221.79	268.76
6.	Spices Board	115.50	115.50	103.75	115.50

(Source: DoC)

APEDA

22.2 The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act, 1985**.** APEDA is mandated with the responsibility of export promotion and development of the scheduled products, viz., fruits, vegetables and their products, meat and meat products, etc. The Department informed that outlay for the Scheme, for the 15th Finance Commission Cycle, was approved as under:-

(₹ in crore)

2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**Total**
85.00	80.00	80.00	80.00	80.02	405.02

(Source: DoC)

22.3 Further, the Department has informed that proposed allocation for 2021-22 and 2022-23 as well as under BE 2023-24 are in accordance with the approved outlay of the Scheme.

22.4 It was also intimated by the Department that cluster based approach has been adopted by APEDA which not only aids in consolidation of agricultural produce, ensuring access to bulk export orders but also strengthens Farmer-Producer Organisations (FPOs) operating out of that clusters. Several clusters such as Varanasi (Vegetables), Nagpur (Oranges), Krishna and Chitoor (Mangoes), Anantpur Cluster (Banana), Andhra Pradesh, Theni cluster (Banana), Tamil Nadu and Chikkaballapura (Rose Onion Cluster), Karnataka have been developed by the APEDA.

22.5 Further, with regards to development of transit and trade infrastructure, the Department informed the Committee that Ministry of Food Processing Industries (MOFPI) is implementing a Scheme for Integrated Cold Chain, Value Addition and Preservation Infrastructure as one of the components of Pradhan Mantri Kisan

Sampada Yojana. Department of Agriculture & Farmers Welfare is implementing Mission for Integrated Development of Horticulture (MIDH) under which financial assistance is provided for setting up of cold storages. National Horticulture Board (NHB) is implementing the Scheme "Capital Investment Subsidy for Construction/Expansion /Modernization of Cold Storages and Storages for Horticulture Products". In addition, Agriculture Infrastructure Funds (AIF) of Rs. 1.00 lakh crore has been launched by the Government for collateral free term loan up to Rs. 2.00 crore and interest subvention of 3 per cent on the term loan availed for creation of post-harvest infrastructure including establishment of cold storages.

22.6 **The Committee takes note of the initiatives taken by APEDA as well as other Ministries/Department of the Government, however it is felt that in order for the cluster based approach adopted by APEDA to be successful, implementation of the multi Ministry Schemes for development of transit infrastructure must be consistently monitored in consonance with their actual achievements. The Committee also, recommends that since responsibility of the implementation of the Schemes lies with their respective Ministry/Department, therefore it should be ensured that the Ministries/Departments should work in coordination with each other for achievement of the desired goal.**

MPEDA

22.7 With regards to allocation for MPEDA, the Department informed that the Expenditure Finance Commission of Department of Expenditure (DoE) in July 2021 approved the financial outlay of Rs. 605.00 crore for its utilisation till 2025-26. However, the allocation was reduced through RE 2022-23 to Rs 100.00 crore as against allocation of Rs. 116.00 crore at BE stage and further, Department is pursuing restoration of the remaining amount of Rs 16 crore for implementation of Scheme to the planned level during the current FY 2022-23. In addition, allocation under the BE stage for FY-2023-24 is Rs.100.00 crore as against EFC's approval of Rs. 120.00 crore and additional funds will be sought in the supplementary stage, if required.

22.8 It is observed by the Committee that the Department has not been able to fully utilize the funds allocated under the heads Scheduled Castes Sub-Plan (SCSP) and Tribal Sub-Plan (TSP). The details of the same are reproduced below:-

(₹ in crore)

Subsidies	BE 2022-23	RE 2022-23	Actual expenditure as on 02.02.2023
Scheduled Castes Sub-Plan (SCSP)	8.00	8.00	2.00

Tribal Sub-Plan (TSP)	2.00	2.00	0.50

(Source: DoC)

22.9 The Department has informed the Committee that the components as per EFC approved appraisal of MPEDA that offer financial assistance are demand driven. In order to take up projects in sea food export processing, experienced and financially sound beneficiaries are required. The beneficiary has to initially invest the total project cost in lump sum and after completion of the work, a committee of MPEDA makes a physical verification and after their recommendation, 75 per cent assistance is released to the beneficiary as reimbursement. Further the Department submitted that despite regular outreach programme undertaken by MPEDA, SC/ST beneficiaries did not come forward for claiming the benefits/reimbursement under the SCSP and TSP sub-plans as there were insufficient beneficiaries / investors in fish processing sector.

22.10 **The Committee expresses concern over significant under-utilization of allocated funds under the Scheduled Caste Sub-Plan (SCSP) and Tribal Sub-Plan (TSP). The Department was able to utilize only 25 per cent of the allocated amount for the current year till 02.02.2023. The Committee notes the importance of these Sub-Plans for improving the socio-economic and living conditions of the people belonging to Scheduled Castes and Scheduled Tribes. The Committee, therefore, insists that the Department should bolster its monitoring mechanism for optimal utilization of the allocated funds and evaluation of the expenditure on periodical basis. The Committee urges the Department for timely utilization of the funds allocated under the said sub-plans and achieve the projected targets during 2023-24.**

TEA BOARD

22.11 The Committee was informed that the amount of Rs. 131.92 crore allocated in financial year of 2022-23 was utilised in the implementation of activities as per EFC approval for the plan period of 2021-22 to 2025-26.

22.12 It was also informed to the Committee that Rs. 135 crore has been allocated at the BE stage for FY-2023-24 due to increased establishment expenses and would be required for undertaking various planned Scheme activities and programmes of the Tea Board as approved by EFC for the year.

COFFEE BOARD

22.13 The fund allocation made to Coffee Board in BE 2022-23 of Rs. 226.21 crore is in accordance with the outlay approved by the Expenditure Finance Commission (EFC) from 2021-22 to 2025-26. Further, the allocation was increased to Rs. 228.20 crore to meet the slight increase in establishment expenses (salary) and enhanced support under the subsidy component.

22.14 It was informed that the allocation of Rs. 226.20 crore in BE 2023-24 is also in line with the EFC approved outlay and would be utilized for the proposed activities.

RUBBER BOARD

22.15 The Department has informed that BE allocation of Rs. 268.76 crore for Rubber Board for 2022-23 was in line with the EFC approved outlay for the plan period 2021-22 to 2025-26 and it was marginally higher than actual expenditure of 2021-22 due to difference in subsidy component.

22.16 It was informed that the allocation of Rs. 268.76 crore in BE 2023-24 would be spent as per the proposal to EFC and would be utilized for various programs as per Rubber Board's Scheme which includes rubber plantation development & extension, rubber research, support for processing & marketing, infrastructure development and specialized services, human resources development and establishment expenses of the Board.

SPICES BOARD

22.17 As per the approved outlay by EFC for the period from 2021-22 to 2025-26, an outlay of Rs. 115. 50 crore has been provided to Spices Board for each year and accordingly BE & RE of Rs. 115.50 crore have been allocated to the Board for 2022-23.

22.18 It was informed that the amount of Rs. 115.50 crore allocated in BE 2023-24 would be spent on conducting various programs as per their Scheme for utilization of the allocation, such as export promotion activities, infrastructure development for exports, quality management & improvement for exports, post-harvest improvement of spices, research support to growers on small cardamom, etc.

22.19 **The Committee has been apprised that Tea Board has developed "Service Plus" platform which will facilitate in bringing transparency, improving efficiency and effectiveness and also ease of doing business. Coffee Board has implemented online issuance mechanism with digital signature of export documents viz., RCMC, Export Permit and ICO Certificate of Origin without any physical interface with the exporters and also integrated with ICEGATE e-Sanchit portal. Further, digital platform titled 'SpiceXchangeIndia" has been launched by Spices Board to enable Indian spice exporters to connect with importers from International Markets. The Rubber Board also has launched "mRube" an electronic market platform for increased market visibility and strengthening of domestic supply chain of Natural Rubber. The Committee recommends that the Department must ensure seamless functioning of the above mentioned platforms and setting up of a grievance redressal cell which deals exclusively with the issues faced by the exporters with regard to these platforms.**

UPCOMING LEGISLATIONS OF PLANTATION BOARDS

23.1 It has been informed that the Department has proposed to repeal the existing Acts which governs various Plantation Boards. Presently, the Plantation Boards continue to function as per the provision of their respective Acts, namely the Tea Act, 1953, Coffee Act, 1942, Rubber Act, 1947 and the Spices Board Act 1986.

23.2 The Committee has been apprised that upcoming draft legislations replacing the existing Acts will focus on reorienting the respective Boards to work towards the promotion and development of the respective sectors and play a more facilitative role rather than a regulatory role. The Boards as per the new Bills are prompted to engage in research, extension activities, development and growth of plantations in new areas, market development and promotion in domestic and international markets, quality upgradation and standardization, skill development & welfare of growers and International collaborations. The Bills would clearly define objectives and functions of the boards aimed at optimizing production, sales & consumption of the respective commodities and promote their exports.

23.3 The Department has submitted to the Committee the salient features of upcoming Bills such as reduction of compliance burden for the industry, enhancement of ease of doing business, decriminalisation of offences, replacement of licensing with easy one-time registrations for stakeholders and reconstitution of the Boards to provide optimal representation to various stakeholders (including mandatory representation of women). Further, the Bills envisage balancing Industry promotion and development with minimum regulations in order to drive overall growth and development of the Tea, Coffee, Rubber and Spice industry and their exports.

23.4 **The Committee acknowledges the need for replacement of archaic Acts which are not suited to the contemporary business practices. The decade old Acts have fallen short to assist the growth of the Tea, Coffee, Rubber, Spices export due to widespread changes in the current industrial and economic scenario, also certain provisions of the said Acts have become impediments in improvement of the sectors. The Committee, therefore, recommends to expedite the implementation of Tea (Promotion and Development) Bill, the Coffee (Promotion and Development) Bill, the Rubber (Promotion and Development) Bill and the Spices (Promotion and Development) Bill along with prior consultation with Industry Associations taking into account the ground realities of the sector.**

INDIA TRADE PROMOTION ORGANISATION (ITPO)

24.1 India Trade Promotion Organisation (ITPO) is the premier trade promotion enterprise of the Ministry of Commerce & Industry, Government of India and its mission is to promote, facilitate, encourage and coordinate various activities and programmes to enhance India's share of exports.

24.2 It has been informed by the Department that ITPO regularly organises trade promotion events and exhibitions in India and abroad and promotes the MSE/SMEs, women entrepreneurs' participation with the support of various Government Schemes like MAI, International Cooperation (IC) Scheme of MSME, etc. In addition, ITPO provides space to various Government Organisations/Departments and Ministries in its domestic events to promote the MSMEs and Women entrepreneurs.

24.3 In response to the information sought regarding the participation of foreign exhibitors/visitors in the events organized by the ITPO, the Department has submitted that about 1450 trade visitors visited the various fairs organised by ITPO which includes IITF, AAHAR and IILF Chennai.

24.4 **In view of low number of foreign trade visitors in the various fairs, the Committee recommends that the High Commissions/Embassies and trade associations may be sensitized to give more publicity to the events organised by them on their websites to attract more trade visitors.**

24.5 The International Exhibition– cum-Convention Centre (IECC) project of Pragati Maidan redevelopment project has not reached its completion till date. The Department in its Annual Report 2020-21 has submitted that the completion of the project has been rescheduled on January, 2022, subsequently in the Annual report of the Department for 2021-22, it is stated that the project will be completed by June, 2022. Again, as per the Annual report for 2022-23, it is submitted that entire project is now rescheduled to be completed by January, 2023.

24.6 **The Committee notes that the project has witnessed shifting deadlines and apprehends that this may not only have financial implications but also causes inconvenience to the common public since it includes development of common infrastructure such as roads, underpasses etc. The Committee recommends the completion of the project and made functional at the earliest.**

SPECIAL ECONOMIC ZONES (SEZs)

25.1 The Special Economic Zones Act, 2005, came into effect on 10th February, 2006. The main objectives of the SEZ Scheme is generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities along with the development of infrastructure facilities.

25.2 The Department has informed that during last 10 years approvals have been granted to 94 SEZs across the country including 4 SEZs in eastern States, 19 in western States, 58 in southern States, 12 in central States and one in northern part of the country.

25.3 The details of allocation of funds under Assistance to Special Economic Zones are given hereunder:-

(₹ in crore)

Head of Expenditure	BE 2022-23	RE 2022-23	Actual expenditure as on 15.02.2023	BE 2023-24
Assistance to Special Economic Zones	117.24	105.80	84.58	110.26

(Source: DoC)

25.4 The Department informed that against an actual expenditure of Rs. 88.95 crore in 2021-22 under Assistance to Special Economic Zones, the allocation was enhanced to Rs.117.24 crore in BE 2022-23 which was marginally decreased to Rs.105.80 crore at RE stage. The allocation in BE 2023-24 has been increased to Rs.110.26 crore. The variation in allocation is due to provisions made for enhanced requirements under some non-salary heads, namely Professional Services, Foreign Travel Expenses, Minor works, Office expenses and Publications.

25.5 **The Committee recommends the Department to seek additional funds at the supplementary grants stage as per the requirements of SEZs during the course of the Financial Year of 2023-24.**

25.6 The Department further informed that announcement had been made in Union Budget 2022-23 to replace Special Economic Zones Act, 2005 with a new legislation DESH to widen the ambit of the zones from the extant narrow focus on exports. It is proposed under the new framework that State Governments may be included as key partners to strengthen the single window based clearances and also usher in a simplified regulatory regime with an emphasis on high quality infrastructure.

25.7 Presently, consultation with stakeholders is ongoing to finalize the draft of the 'Development of Enterprises and Services Hubs (DESH) Bill and subsequently, it will be submitted for consideration and approval of Cabinet. Thereafter, the Bill will be placed before the parliament for consideration and passing.

25.8 **The Committee notes that in spite of DESH Bill being announced in 2022-23 budget, the bill is still at consultation stage. The Committee hopes that the Bill will be finalised soon and will help in the development of trade and industries in the country. The Committee, also recommends that steps should be taken to explore non-fiscal incentives such as easier work permits, fast track patents, reverse job work in Export Oriented Units (EOUs).**

FOCUS ON WOMEN EXPORTERS

26.1 The Committee is of the view that it is the obligation of the Government to upscale women's representation in the country's international trade. Further, it is seen that women face a range of barriers in terms of policy, legal impediments and gender-biased socio-cultural norms, and lack of access to technology, finance, and education.

26.2 It is undeniable fact that trade has the potential to expand women's role in the economy, decrease inequality and increase their bargaining power in society. The introduction of gender responsive Government policies in the field of trade and commerce and making available an array of opportunities for women are some steps in the right direction. Women have advanced in the field of sales and marketing in cross-border trade. Further service industry also have provided a platform for women to contribute in the trade industry of the country, but there exists need for more development.

26.3 The Department was enquired about the details of Schemes which are specifically aimed at promoting exports by Women entrepreneurs. The Department has submitted that guidelines of the Market Access Initiative Scheme, 2021 have been revised and women exporters have been listed as priority sector which makes them eligible for funding in the ratio of 90%: 10% (i.e. 90% of the expenditure is to be met from the MAI grant and 10% by the industry). In addition, the ceiling for participation in the events under the MAI Scheme has been raised to 5 from 3. The Department has also submitted that as per report received from the EPCs and Trade Bodies on the online MAI portal, 347 women exporters participated in MAI events in 2021-22, subsequently, this data has increased to 567 during FY-2022-23.

26.4 **The Committee expresses its concern on the gender imbalance that exists in the current trade industry of the country. The under-representation of women in the trade sector of the country is an important issue that needs to be addressed by the Department. Further, the Department has replied that since MAI Scheme is not individual beneficiary-oriented Scheme, no separate fund has been earmarked under the Scheme for women. The Committee considers that the lack of access of finance, unavailability of institutional support, absence of training and capacity building programmes targeted for women exporters are the major reasons that have led to the lagging behind of women exporters when compared to their male counterparts. The Committee, therefore, recommends a separate credit Scheme for providing affordable finance to the women exporters, handholding and capacity building program, a dedicated monitoring cell for periodic supervision of various Schemes and their achievements with regards to the women exporters, earmarking of funds and a grievance redressal mechanism.**

NORTH EASTERN AREAS

27.1 Development of trade from North East India will not only impact the regional development of the region but also economic prosperity of the entire nation. The geo-strategic location of north east can act as a catalyst for the Department to achieve its export target of USD 2 trillion much before 2027.

27.2 The details of Board-wise fund allocation and expenditure during 2021-22 and 2022-23 for the North Eastern Areas are given hereunder:

(₹ in crore)

Heads	**BE 2021-22**	**RE 2021-22**	**Expenditure in 2021-22**	**BE 2022-23**	**RE 2022-23**	**Actual expenditure as on 02.02.2023**	**BE 2023-24**
Tea	**249.2**	**233.66**	**42.43**	**76.89**	**27.54**	**17.21**	**29.02**
Coffee	**10.8**	**10.8**	**8.19**	**7.36**	**7.36**	**5.55**	**7.36**
Rubber	**27.70**	**41.65**	**41.65**	**27.70**	**27.70**	**20.77**	**27.70**
Spices	**6.9**	**8.49**	**8.49**	**8.49**	**8.49**	**8.49**	**8.49**
APEDA	**5.40**	**5.40**	**5.40**	**5.40**	**5.40**	**4.50**	**5.40**
MPEDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**300.00**	**300.00**	**106.16**	**125.84**	**76.49**	**56.52**	**77.97**

Source: DoC

27.3 It is seen that the total allocation for the North Eastern Region under the head BE 2022-23 is Rs 125.84 crore, which has been reduced to Rs 76.49 crore at RE stage of financial year 2022-23. Further the expenditure incurred for the financial year 2022-23 is Rs 56.52 crore till 02.02.2023 which stands at 73.89 per cent of the allocated amount at RE Stage.

27.4 The Committee notes that Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Sikkim have been identified for cultivating Tea in the North Eastern Region. Further Coffee Board is also promoting coffee cultivation in Assam, Arunachal Pradesh, Meghalaya, Mizoram, Tripura, Nagaland and Manipur thereby emphasizing on tribal development and afforestation of the region. The Committee also notes that during 2022 planting season (June-November), an area of 27,965 ha (out of which 23,370.36 ha is planted under NEMITRA project) has been brought under rubber cultivation.

27.5 **The Committee notes the positive steps taken by the Department to promote Tea and Coffee Cultivation. However, despite the fact that the NE region is endowed with plenty of resources and shares international borders with China, Myanmar, Bangladesh and Bhutan, the Department is not been able to optimise cross border trade with the neighbouring countries. Further, the Committee expresses concerns over the allocation of funds under the various heads for the development of trade from the North Eastern Region and feels that it is inadequate to boost the EXIM trade of the region. The**

Committee, therefore recommends that in order to be benefitted from abundance of resources and sharing of international land borders, the Department may take proactive steps for formulation of trade agreements with the neighbouring countries and development of border trade infrastructure for improving connectivity between the trade partners and ensure adequate funds have been earmarked under the various heads for the North Eastern Region.

RESTRUCTURING OF DEPARTMENT OF COMMERCE

28.1 The Department of Commerce formulates, implements and monitors the Foreign Trade Policy (FTP) which provides the basic framework and strategy to be followed, it envisages to make India a major global trading power and to achieve an export target of US $2 trillion by 2027.

28.2 The Department has informed that process of its restructuring commenced in 2021, and thereafter, extensive global benchmarking exercise of 20+ countries, discussion with 80+ stakeholders in the ecosystem and examination of potential models to institutionalize Trade Promotion Body has been carried out. Further, it was also submitted that restructuring will allow the Department to devise coherent trade promotion strategy, have a more strengthened negotiation ecosystem and a more agile setup responsive to market opportunities.

28.3 The Department apprised the Committee on the initiatives that have already been taken during the course of restructuring such as:-

i) Creation of interim 11 wing structure with three new wings, namely Trade Policy, Trade Intelligence and Analytics, and Global Trade Promotion;

ii) Setting up of Separate Trade Negotiation Wing;

iii) Formulation of Standard Operating Procedures (SoPs) / Role Charters / Mandate for all the wings;

iv) Initiation of Process improvements in Trade Remedies wing (DGTR) and Trade Facilitation Wing (DGFT); and

v) Creation of three capacity building units, training courses on Trade Negotiations to Joint Secretaries, Directors and newly recruited officers and preparation of Annual Capacity Building Plan.

28.4 Further, the Department has identified following key areas that it plans to focus on through this restructuring process:

- To have a dedicated Trade Promotion Body to drive overall promotion strategy, export target setting/monitoring and execution of the formulated strategy.

- A more active role for missions in Trade Promotion to boost market intelligence, buyer lead generation and localized research.
- Strengthening the negotiation ecosystem with multi-skilled negotiation teams and separation between bilateral and WTO negotiations.
- Trade Remedies Review Committee including Ministry of Commerce & Industry, Ministry of Finance and line ministries to improve transparency in the investigation and the subsequent outcomes.
- Centralisation and Digitisation of Trade Facilitation process to ease compliance and administration of Schemes.
- Re-haul data & analytics ecosystem to make trade functions more efficient via centralised data management and embedded analytics capabilities.
- Capacity and capability building of 'Indian Trade Service' to increase specialisation and institutional memory including increased intake and recruitment from the private sector.
- Deeper State presence to drive direct exporter connect for promotion and facilitation.
- Strengthening of Brand India to re-enforce trade priorities that are contextualized for the focus sectors and markets.

28.5 **The Committee notes that the Department of Commerce has identified certain key areas for its restructuring. The Committee hopes that after extensive consultation with the stakeholders, the restructuring plan is finalised at the earliest, which will provide wings to the Department to achieve its objective. The Committee also recommends that the Department should undertake Annual Performance Evaluation of each Scheme and Programme under its purview through cost-benefit analysis. The Committee further recommends that a separate wing may be setup which may address the issues in implementation of the Schemes, conduct periodic field visits for onsite appraisal of progress of implementation of the Schemes.**

RECOMMENDATIONS/OBSERVATIONS -AT A GLANCE

BUDGET PROPOSALS

1. **The Committee notes that against the projected requirement of Rs. 5990.68 crore submitted to the Ministry of Finance, an amount of Rs. 5254.58 crore has been allocated to the Department in BE 2023-24. A shortfall of Rs. 736.1 crore in the total allocation is due to the lowering of budgetary support for the crucial heads of Indian Institute of Foreign Trade (IIFT), Duty Drawback Scheme, Marine Products Export Development Authority (MPEDA), Market Access Scheme (MAI), and Interest Equalisation Scheme. The Committee is of the view that the shortfall in budget allocation as against the proposed outlay will act as a hindrance in achieving the desired goals of the Schemes. Therefore, the Committee feels that the allocation of projected amount would have supported the associated sectors of the Schemes. The Committee hopes that the Department follows up the matter of curtailment of funds with the Ministry of Finance and seek enhanced allocation at RE stage, as affirmed to the Committee. The Committee further recommends that proactive measures may be taken by the Department in order to devise a robust monitoring mechanism and identify inconsistencies in implementation of various Schemes/Programmes of the Ministry and ensure timely utilisation of the allocated funds, during the upcoming Financial Year 2023-24.** (Para 3.6)

TRADE DEFICIT

TRADE *VIS-À-VIS* GDP

2. **The Committee observes, as per the Economic Survey 2022-23, the trade performance has declined from the second quarter of FY-2022-23, and one of the major reasons for the same is downfall of merchandise exports. The Committee has been apprised by the Department that the global economy has started facing formidable headwinds and the ripple effect of the global trade slowdown has started reflecting in India's merchandise export growth, wherein moderation in pace is observed in the current year. Economic Survey 2022-23 also depicts that several adverse factors such as increasing likelihood of a recession in the major economies, tapering demand for consumer durables, aggressive monetary policy tightening by several central banks, disorderly financial conditions, continued supply-chain disruptions and elevated freight charges have contributed to the degradation of trade balance during the second half of 2022. The Committee, therefore, recommends that the Department should be proactively monitoring international trade trends and global economic environment and take appropriate steps to counter the ill effects of present volatility in the global markets.** (Para 6.5)

3. **The Committee recommends the Department to scrutinise the reasons for the slump in exports from crucial sectors of Engineering goods, Iron Ore, Spices, Plastic and Linoleum & Cashew in 2022-23. Despite presence of dedicated export promotion council such as EEPC India for promotion of export of Engineering goods, PEPC for promotion of export of Plastics & Linoleum products and monitoring bodies such as Agricultural and Processed Food Products Export Development Authority (APEDA) for promotion of export of Cashew Nuts and its products, Spices Board for export promotion of spices, etc., negative growth has been registered in the above mentioned commodities for the current financial year. The Committee, therefore, recommends that the Department should identify the infirmities and prepare a specific plan to inhibit the downtrend in exports of the highlighted Commodities.** (Para 6.7)

SERVICES TRADE

4. **The Committee notes that the surplus accrued from service trade contributed in reducing the Current Account Deficit of the country. It is of utmost importance that service exports must be reinforced with necessary support measures. The Committee observes that no replacement Scheme has been introduced for the service exporters as a substitute to the discontinued SEIS Scheme. The Committee, therefore, recommends replacement of the erstwhile SEIS Scheme or a revamped SEIS Scheme must be launched at the earliest which will not only promote exports of service industry but also assist Services Export Promotion Council (SEPC) in raising its own resources. The Committee also recommends that the Department may be proactive in signing FTA's and Bilateral agreements considering the trade and tariff barriers against the service exports of the country. The Committee notes that the country-wise export data of services is not shared by RBI, therefore, it is recommended that channel for exchange of information must be established between the Department of Commerce and Reserve Bank of India, in order to facilitate the Department in taking corrective measures and formulate Schemes supported with factual data and the data may also be placed in the public domain.** (Para 7.3)

CHINA PLUS ONE STRATEGY

5. **The Committee is of the view that the 'China Plus One Strategy' presents in itself as a rare opportunity to boost industrialization and the Country to emerge as a part of Global Value Chains (GVCs) replacing China in various strategic industrial sectors. The South East Asian nations such as Vietnam, Thailand, Taiwan and Malaysia have emerged as viable alternatives to machinery, automobiles, transport and electrical equipment industries shifting their manufacturing bases away from China. Factors such as cheap**

labour, lower corporate Income Tax, proactiveness in signing Free Trade Agreements (FTAs), conducive business environment, etc, are providing additional advantage to these countries alongwith their Geographical positioning advantage. The Committee, therefore, recommends that measures such as rationalization of direct taxes and indirect taxes must be done in sync with the international norms and laws such as WTO to increase the competitiveness of Domestic Industries in the Global markets. It further recommends that the Government to pursue Free or Preferential Trade Agreements with countries that seek to invest in India under the 'China Plus One Strategy'. (Para 8.2)

INDIA'S G20 PRESIDENCY AND ITS IMPLICATIONS UPON THE NATION'S TRADE

6. **The Committee hopes that India's presidency in G20, further opens up global trade regime and rolls backs damaging trade restrictions and reduces uncertainty in the global markets. The Committee also recommends that the gains arising out of India's G20 presidency may be complemented with multilateral agreements with trade reforms.** (Para 9.3)

INTERNATIONAL TRADE SETTLEMENT IN INDIAN RUPEE

7. **The Committee appreciates the steps taken by the Department and acknowledges the various benefits of trade settlement in India Rupee in global markets such as relieving of pressure on India's dollar reserves, positive impact of Rupee valuation and in turn easing of inflationary pressure owing to weakening of currency. The Committee further recommends for the formulation of an Empowered group of Secretaries for speedy identification of countries that are interested in settlement of import and export in Indian Currency.** (Para 10.3)

IMPACT OF RUSSIA-UKRAINE CONFLICT

8. **The Committee notes the ramifications of the Russia-Ukraine crisis and observes the spike in import of petroleum products from Russia. The Committee opines that constant monitoring of international markets and review of trade strategies are needed in this period of volatility.** (Para 11.3)

FOREIGN TRADE POLICY (FTP)

9. **The Committee hopes that with the normalcy returning to the trade and industry worldwide, the Department will take steps to release the new Foreign Trade Policy.** (Para 12.2)

FREE TRADE AGREEMENTS (FTAs)

10. **The Committee notes that the ability to benefit from the FTAs will depend on a number of intervening variables like good infrastructure and**

lower cost of doing business. The Committee is of the opinion that FTAs are crucial for growth of trade of the country and specific Schemes and programmes should be formulated before the enactment of the FTAs in an expeditious manner to reap trade benefits with the associated industries. India is better placed today to leverage the global political and economic climate and to become a vital cog in the Global Supply Chain. It is essential that Government may take proactive steps in signing of the FTAs with other countries of complementary interest. The FTA's impact/advantage can be more capitalized by the private sector with the diversification of trade basket and destination. It further opines that a trade information and market facilitation portal must be setup which may include all tariff and certification requirements in order to provide exporters a one stop destination to acquire all the information relevant to their product. (Para 13.4)

SHIPPING FREIGHT CHARGES

11. **The Committee notes the proactive steps being taken by the Government to make EXIM trade more attractive by focusing on PM Gati Shakti National Master Plan and National Logistics Policy thereby addressing infrastructure and procedural gaps. However, the Committee is concerned about the increasing cost of EXIM trade due to our dependence on foreign shipping companies which makes a hole in the exchequer. The Committee recommends that a comprehensive analysis of the shipping infrastructure/industry should be made to make the industry globally competitive to make it the pillar of national export strength. The Committee also recommends to review the existing tax structure and provide fiscal support to attract private sector investors and continue to provide subsidy to support the Indian shipping companies.** (Para 14.4)

INTERNATIONAL YEAR OF MILLETS

12. **In the light of forgoing figures, the Committee feels that the Department should take further steps to penetrate the Global Market of Millets. The Committee recommends the Department to consider setting up a Board to provide export related assistance and promotion of Millets in the domestic as well as international markets. The Committee also recommends formulation of a specific Scheme for development of trade related infrastructure and transport related assistance to the exporters, FPOs/FPCs and traders of Indian Millets. This is also to be ensured that the Department promotes the well being of small farmers who are involved in the cultivation of the 'Shree Anna'.** (Para 15.4)

PHARMACEUTICAL EXPORT AND ACTIVE PHARMA INGREDIENTS (API)

13. **The Committee notes the steps taken by the Department, however, it is evident from the data mentioned above that it is of utmost importance to incentivize the growth of Indian pharmaceutical companies. It is high time for India to be self-sufficient in critical areas as covid-19 has exposed the fragility of global supply chains. The Committee notes the steps initiated by the Government such as PLI Scheme for promotion of domestic manufacturing of KSMs/DIs and APIs in India. The Committee, however, feels that the PLI Scheme has more emphasis towards generic drugs. The Committee feels that the research in pharmaceutical industry can be expanded to biologics and biosimilars. The establishment of Bulk Drug Park in three States will certainly help in easing the imports of APIs and translating into exports of medicines. The Committee recommends that the functioning of the existing bulk drug parks may be reviewed and other State Governments may be persuaded to establish Drug Parks. The Committee also recommends that a rigorous monitoring framework must be established to ensure that the drugs being manufactured by the domestic pharma industries are at par with the international standards.** (Para 16.3)

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD. (ECGC LIMITED)

14. **The Committee expresses its concern over the token allocation of Rs 1 Lakh made under BE 2023-24 to the ECGC. It is of the view that since the instalments beyond the first installment are conditional in nature and are to be released on completion of assessment by Cabinet Committee on Economic Affairs (CCEA), the crucial Schemes and Programmes being implemented would be adversely impacted due to the dearth of funds. The Committee, therefore, recommends that the process of listing and release of IPO must be completed at the earliest and in the meanwhile the Department must coordinate with DIPAM and ensure that Schemes and programmes being implemented by the ECGC do not suffer due to shortage of funds. Further, if need be, additional funds may be sought at the supplementary grants stage as per the requirements during the course of the Financial Year 2023-24.**

(Para 17.3)

INTEREST EQUALISATION SCHEME (IES)

15. **The Committee notes the reduction of subvention rates under the Interest Equalisation Scheme following its extension w.e.f 01.10.2021 affected affordability of loans to exporters. The Committee also observes that with the tightening of the monetary policy, the interest rates have already crossed the pre-pandemic levels and are still on the rise. Further, in addition to the**

increasing interest rates, the period of subdued global demand has also affected the exporters of the country. The Committee, therefore, recommends that the Department considers expeditiously restoration of the 5 per cent interest subvention for exporting under any HS lines and 3 per cent for manufacturer exporters and merchant exporters exporting under 410 notified HS lines from 01.10.2021 and engage with all exporter associations in this regard.. Accordingly, the Department may seek additional funds at the supplementary stage for the Financial Year 2023-24.
(Para 18.5)

TRADE INFRASTRUCTURE FOR EXPORT SCHEME (TIES)

16. **The Committee has been informed by the Industry Associations that the budget allocated to the TIES for FY 2023-24 is not sufficient to meet the increasing exports and supporting districts as an export hub. Further, it has been informed that with the increase in demand of certification and testing etc., to meet the global standards, the budget allocation of Rs. 71 crore is inadequate. In addition, it has also been stated that the Scheme is indispensible in development of export infrastructure such as creation of transhipment hubs which may reduce the country's dependence upon foreign ports which handle nearly 75 per cent of India's Transshipment cargo. The Committee notes that stipulated conditions such as ceiling of Rs 20 crore for each infrastructure project; Central Government assistance limited to 50 per cent of the total equity of the project (80 per cent in the case projects located in North Eastern States, Himalayan States including UT of Jammu & Kashmir, Ladakh); and delay in release of funds from the State Governments have been acting as impediments in completion of various projects under the Trade Infrastructure of Export Scheme. Therefore, the Committee recommends the Department to assess the impact of the above mentioned conditions upon the timeline and cost of existing projects carried out under the Scheme and accordingly, address the issue at the earliest. Further, the Committee also recommends that Department may consider increasing the allocation at the supplementary stage during FY 2023-24 to finance the high-priority infrastructure projects required for augmentation of export of the country.** (Para 19.3)

TRANSPORT AND MARKETING ASSISTANCE (TMA) FOR SPECIFIED AGRICULTURE PRODUCTS

17. **The Committee observes that the Transport and Marketing Assistance (TMA) Scheme played a pivotal role providing transport and marketing assistance to agricultural exporters of specified products. Since the Scheme outlay has been completed in the FY 2022-23, token allocation of Rs. 1 lakh has been earmarked in BE 2023-24. However, the Committee is of the view**

that replacement or revamped Scheme may be formulated and launched at the earliest, to give boost to the country's agricultural produce which has huge potential in the international markets. (Para 20.5)

CUT & POLISHED (WORKED) LAB GROWN DIAMONDS

18. **The Committee notes with admiration the substantial export performance of lab grown diamond industry which has delivered CAGR of 54.3 per cent in last four years. However, it is of concern that no specific Scheme has been formulated by the Department to provide support measures to the industry. Further, it is observed that Department has not proposed any budget allocation in the BE 2022-23, RE 2022-23 & BE 2023-24 stage. As per the Department's reply the allocation made to Market Access Initiative (MAI) Scheme will be utilized for export promotion activities for lab grown diamonds. The Committee, therefore, recommends that a separate allocation must be sought at the supplementary stage for the export promotion and any additional incentive which needs to be provided to augment exports of cut & polished lab grown diamonds. The Committee also recommends that required assistance may be provided so as to enable the industry to capitalise upon the Comprehensive Economic Partnership Agreement (CEPA) with UAE and Economic Cooperation and Trade Agreement (ECTA) with Australia.**

(Para 21.4)

BUDGETARY PROPOSALS FOR APEDA, MPEDA AND PLANTATION BOARDS

APEDA

19. **The Committee takes note of the initiatives taken by APEDA as well as other Ministries/Department of the Government, however it is felt that in order for the cluster based approach adopted by APEDA to be successful, implementation of the multi Ministry Schemes for development of transit infrastructure must be consistently monitored in consonance with their actual achievements. The Committee also, recommends that since responsibility of the implementation of the Schemes lies with their respective Ministry/Department, therefore it should be ensured that the Ministries/Departments should work in coordination with each other for achievement of the desired goal.** (Para 22.6)

MPEDA

20. **The Committee expresses concern over significant under-utilization of allocated funds under the Scheduled Caste Sub-Plan (SCSP) and Tribal Sub-Plan (TSP). The Department was able to utilize only 25 per cent of the allocated amount for the current year till 02.02.2023. The Committee notes the importance of these sub-plans for improving the socio-economic and living**

conditions of the people belonging to Scheduled Caste and Scheduled Tribes. The Committee, therefore, insists that the Department should bolster its monitoring mechanism for optimal utilization of the allocated funds and evaluation of the expenditure on periodical basis. The Committee urges the Department for timely utilization of the funds allocated under the said sub-plans and achieve the projected targets during 2023-24.

(Para 22.9)

TEA BOARD, COFFEE BOARD, RUBBER BOARD, SPICES BOARD

21. **The Committee has been apprised that Tea Board has developed "Service Plus" platform which will facilitate in bringing transparency, improving efficiency and effectiveness and also ease of doing business. Coffee Board has implemented online issuance mechanism with digital signature of export documents viz., RCMC, Export Permit and ICO Certificate of Origin without any physical interface with the exporters and also integrated with ICEGATE e-Sanchit portal. Further, digital platform titled 'SpiceXchangeIndia" has been launched by Spices Board to enable Indian spice exporters to connect with importers from International Markets. The Rubber Board also has launched "mRube" an electronic market platform for increased market visibility and strengthening of domestic supply chain of Natural Rubber. The Committee recommends that the Department must ensure seamless functioning of the above mentioned platforms and setting up of a grievance redressal cell which deals exclusively with the issues faced by the exporters with regard to these platforms.** (Para 22.18)

UPCOMING LEGISLATIONS OF PLANTATION BOARDS

22. **The Committee acknowledges the need for replacement of archaic Acts which are not suited to the contemporary business practices. The decade old Acts have fallen short to assist the growth of the Tea, Coffee, Rubber, Spices export due to widespread changes in the current industrial and economic scenario, also certain provisions of the said Acts have become impediments in improvement of the sectors. The Committee, therefore, recommends to expedite the implementation of Tea (Promotion and Development) Bill, the Coffee (Promotion and Development) Bill, the Rubber (Promotion and Development) Bill and the Spices (Promotion and Development) Bill along with prior consultation with Industry Associations taking into account the ground realities of the sector.** (Para 23.4)

INDIA TRADE PROMOTION ORGANISATION (ITPO)

23. **In view of low number of foreign trade visitors in the various fairs, the Committee recommends that the High Commissions/Embassies and trade**

associations may be sensitized to give more publicity to the events organised by them on their websites to attract more trade visitors. (Para 24.4)

24. **The Committee notes that the project has witnessed shifting deadlines and apprehends that this may not only have financial implications but also causes inconvenience to the common public since it includes development of common infrastructure such as roads, underpasses etc. The Committee recommends the completion of the project and to be made functional at the earliest.** (Para 24.6)

SPECIAL ECONOMIC ZONES (SEZs)

25. **The Committee recommends the Department to seek additional funds at the supplementary grants stage as per the requirements of SEZ during the course of the financial year of 2023-24.** (Para 25.5)

26. **The Committee notes that in spite of DESH Bill being announced in 2022-23 budget, the bill is still at consultation stage. The Committee hopes that the Bill will be finalised soon and will help in the development of trade and industries in the country. The Committee, also recommends that steps should be taken to explore non-fiscal incentives such as easier work permits, fast track patents, reverse job work in Export Oriented Units (EOUs).**

(Para 25.8)

FOCUS ON WOMEN EXPORTERS

27. **The Committee expresses its concern on the gender imbalance that exists in the current trade industry of the country. The under-representation of women in the trade sector of the country is an important issue that needs to be addressed by the Department. Further, the Department has replied that since MAI Scheme is not individual beneficiary-oriented Scheme, no separate fund has been earmarked under the Scheme for women. The Committee considers that the lack of access of finance, unavailability of institutional support, absence of training and capacity building programmes targeted for women exporters are the major reasons that have led to the lagging behind of women exporters when compared to their male counterparts. The Committee, therefore, recommends a separate credit Scheme for providing affordable finance to the women exporters, handholding and capacity building program, a dedicated monitoring cell for periodic supervision of various Schemes and their achievements with regards to the women exporters, earmarking of funds and a grievance redressal mechanism.** (Para 26.4)

NORTH EASTERN AREAS

28. **The Committee notes the positive steps taken by the Department to promote Tea and Coffee Cultivation. However, despite the fact that the NE**

region is endowed with plenty of resources and shares international borders with China, Myanmar, Bangladesh and Bhutan, the Department is not been able to optimise cross border trade with the neighbouring countries. Further, the Committee expresses concerns over the allocation of funds under the various heads for the development of trade from the North Eastern Region and feels that it is inadequate to boost the EXIM trade of the region. The Committee, therefore recommends that in order to be benefitted from abundance of resources and sharing of international land borders, the Department may take proactive steps for formulation of trade agreements with the neighbouring countries and development of border trade infrastructure for improving connectivity between the trade partners and ensure adequate funds have been earmarked under the various heads for the North Eastern Region. (Para 27.5)

RESTRUCTURING OF DEPARTMENT OF COMMERCE

29. **The Committee notes that the Department of Commerce has identified certain key areas for its restructuring. The Committee hopes that after extensive consultation with the stakeholders, the restructuring plan is finalised at the earliest, which will provide wings to the Department to achieve its objective. The Committee also recommends that the Department should undertake Annual Performance Evaluation of each Scheme and Programme under its purview through cost-benefit analysis. The Committee further recommends that a separate wing may be setup which may address the issues in implementation of the Schemes, conduct periodic field visits for onsite appraisal of progress of implementation of the Schemes.** (Para 28.5)

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MINUTES

VI*
SIXTH MEETING

The Department Related Parliamentary Standing Committee on Commerce met at 02.30 P.M. on Thursday, the 16th February, 2023 in Committee Room '4', Block 'A', First Floor, Parliament House Annexe Extension, New Delhi.

MEMBERS PRESENT

1. Dr. Abhishek Manu Singhvi — *Chairman*

RAJYA SABHA

2. Shrimati Priyanka Chaturvedi
3. Shri K. Vanlalvena

LOK SABHA

4. Shri Prasun Banerjee
5. Shri Santosh Kumar Gangwar
6. Shri Srinivas Kesineni
7. Shri Nama Nageswara Rao
8. Shri Magunta Sreenivasulu Reddy
9. Shri Arvind Ganpat Sawant

SECRETARIAT

Shrimati Kusum Sudhir, Joint Secretary
Shrimati Nidhi Chaturvedi, Additional Director
Shri Kuldip Singh, Under Secretary
Shri Raghubir Singh, Committee Officer

WITNESSES

REPRESENTATIVES OF CONFEDERATION OF INDIAN INDUSTRY (CII)

1. Shri Nalin Kohli, Member, CII National Council of SMEs
2. Shri Binoy Job, Executive Director
3. Ms. Bidisha Ganguly, Chief Economist

REPRESENTATIVES OF PHD CHAMBER OF COMMERCE AND INDUSTRY (PHD-CCI)

1. Shri Saurabh Sanyal, CEO and Secretary General
2. Dr. S.P. Sharma, Chief Economist

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*1st to 5th Meetings of the Committee pertains to other matters.

REPRESENTATIVES OF FEDERATION OF INDIAN EXPORT ORGANISATIONS (FIEO)

1. Dr. Ajay Sahai, Director General & CEO
2. Shri Sandeep Narula, Member, FIEO Managing Committee
3. Shri Akash Mittal, Member, FIEO Managing Committee
4. Shri H.C. Pant, Advisor

04.00 P.M.

REPRESENTATIVES OF DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE (DPIIT)

1. Shri Anurag Jain, Secretary
2. Ms. Sumita Dawra, Special Secretary
3. Shri R.S. Thakur, Additional Secretary
4. Ms. Arti Bhatnagar, Additional Secretary & Financial Advisor
5. Ms. Rupa Dutta, Principal Advisor
6. Shri Deepak Bagla, Managing Director & CEO (Invest India)
7. Shri R.K. Singh, Joint Secretary
8. Shri Rajesh Kumar, Chief Controller of Accounts
9. Prof. Unnat P. Pandit, Controller General, CGPDTM
10. Sh. N.R. Meena, Senior Joint Controller
11. Shri S.S. Das, Economic Advisor
12. Dr. Kajal, Director
13. Shri P.K. Aggarwal, Chief Financial Officer (DMICDC)
14. Shri Srikant Kommu, General Manager (IICC)
15. Shri Nikhil Jain, Manager Finance (IICC)

2. The Chairman, at the outset, welcomed the Members of the Committee and informed them about the agenda of the meeting i.e., examination of Demands for Grants (2023-24). He then welcomed the representatives of the Confederation of Indian Industry (CII), Federation of Indian Export Organizations (FIEO), and PHD Chamber of Commerce and Industry to the meeting. The Chairman sought their views on the adequacy of budgetary allocation made to the Department of Commerce

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for the Financial year 2023-2024 and their likely impact on trade, commerce and industry of the country. The Chairman further enquired about the India's trade performance amidst global headwinds such as Russia-Ukraine conflict, oil price fluctuations and COVID-19 effects. *　　　　*　　　　*

*** Pertains to other matters.

3. The representatives of the Federation of Indian Export Organisations (FIEO), briefed the Committee about the impact of current global scenario upon the global trade and underscored the concerns about rising trade deficit of the country. The representatives expressed reservation upon the inadequate allocation of funds under the Transport and Marketing Assistance (TMA) Scheme, Market Access Initiative Scheme (MAI) and Trade Infrastructure for Export Scheme (TIES). They also stressed upon the need of increasing rate of interest subvention under the Interest Equalization Scheme, introduction of DESH bill, curbing the non-essential imports and extending the benefits of RoDTEP scheme to SEZs. The representatives of FIEO emphasised upon the need of signing FTAs for realignment of supply chains * * *

4. * * * The representatives also averred for providing thrust to the defence exports from the country.

5. * * *

6. * * *

(*The witnesses then withdrew*)

7. * * *

8. * * *

9. * * *

10. * * *

11. The Chairman, then, thanked the representatives * * * for the information provided on the subject * * *

(The witnesses then withdrew)

12. A verbatim record of the proceedings of the meeting was kept.

13. The Committee then adjourned at 5.40 P.M.

***Pertains to other matters.

VII
SEVENTH MEETING

The Department Related Parliamentary Standing Committee on Commerce met at 02.30 P.M. on Friday, the 17th February, 2023 in Committee Room No. 4, Block 'A', First Floor, Parliament House Annexe Extension Building, New Delhi.

MEMBERS PRESENT

1. Shri Santosh Kumar Gangwar —*In the chair*

RAJYA SABHA

2. Shrimati Priyanka Chaturvedi
3. Shri K. Vanlalvena

LOK SABHA

4. Shri Prasun Banerjee
5. Shri Srinivas Kesineni
6. Shri Nama Nageswara Rao
7. Shri Arvind Ganpat Sawant

SECRETARIAT

Shrimati Kusum Sudhir, Joint Secretary
Shrimati Nidhi Chaturvedi, Additional Director
Shri Kuldip Singh, Under Secretary
Shri Raghubir Singh, Committee Officer

WITNESSES

REPRESENTATIVES OF DEPARTMENT OF COMMERCE

1. Shri Sunil Barthwal, Secretary
2. Shri L Satya Srinivas, Additional Secretary
3. Shri Rajesh Agrawal, Additional Secretary
4. Ms Arti Bhatnagar, Additional Secretary
5. Shri Santosh Kumar Sarangi, Director General, DGFT
6. Shri Anant Swarup, Joint Secretary
7. Dr. Srikar K. Reddy, Joint Secretary
8. Ms. Nidhi Mani Tripathi, Joint Secretary
9. Shri Darpan Jain, Joint Secretary
10. Shri Amitabh Kumar, Joint Secretary
11. Shri Vipul Bansal, Joint Secretary
12. Dr. Krishan Kumar, Joint Secretary
13. Ms. Indu C. Nair, Joint Secretary

14. Dr. C. Vanlalramsanga, Economic Advisor
15. Shri Naresh Mohan Jha, Chief Controller of Accounts
16. Dr. P.C. Mishra, Statistical Advisor
17. Dr. K.N. Raghavan, Executive Director, Rubber Board
18. Shri D. Sathiyan, Secretary, Spices Board
19. Dr. K.G. Jagadeesha, Secretary, Coffee Board
20. Shri Saurav Pahari, Deputy Chairman, Tea Board
21. Dr. M. Angamuthu, Chairman, APEDA
22. Shri K S Pradeep, Secretary, MPEDA
23. Shri Yashvir Singh, Economic Advisor
24. Shri Alok Malviya, Director

2. In the absence of the Chairman, the meeting was chaired by Shri Santosh Kumar Gangwar, M.P., Lok Sabha. The Chairman, at the outset, welcomed the Members of the Committee and informed them about the agenda of the meeting i.e examination of the Demands for Grants 2023-24 of the Department of Commerce. The Chairman sought views on the adequacy of budgetary allocations made to the Department of Commerce, Ministry of Commerce and Industry for the Financial Year 2023-24, and its impact on schemes/programmes being implemented by the Department. He also sought to be apprised of the steps to deal with reduction in allocated amount in BE 2023-24 as against the allocation made under BE-2022-23, measures taken to capitalize upon the China-plus-one-strategy, performance analysis of APEDA, MPEDA & Commodity Boards including Tea Board, Coffee Board, Rubber Board & Spices Board, support measures for service exports, insufficiency in allocation made for the schemes, Market Access Initiative (MAI) and Trade Infrastructure for Export Scheme (TIES).

3. The representatives of Department of Commerce, ran a Power Point Presentation highlighting the functions carried out by the Department, trends in global economy and major achievements and policy/schemes being implemented by the Department.

4. The Committee, thereafter, enquired upon the status of trade with China and expressed concerns about the negative growth of textile industry. The Committee, also expressed concern about the projected fall in the World merchandise trade volume and deterioration of trade balance of the country. The Committee, further enquired about the State-wise data of service exports from the country and discussed about scope of Web 3.0 in providing fillip to the software sector of the service industry.

5. The Committee, further emphasised upon building trade relations with Myanmmar and Bangladesh for exports of agricultural products from the North-Eastern States of the country and subsequently, setting up of trade infrastrucutre at

land Borders with neighouring countries. The Committee also expressed concern about delay in finalization of Free Trade Agreements with UK and EU.

6. The Committee deliberated upon the need of a separate Board for promotion of millets and incentives for the lab-grown diamond industry. The Committee, further raised the issue of non-allocation of funds to Cashew Export Promotion Councils and Export Credit Guarantee Corporation (ECGC).

7. The Secretary, Department of Commerce, informed the Committee about growth registered by the country's exports and importance of development of service industry with relation to employment generation. Further, the Secretary apprised the Committee about the steps taken by Department to reduce imports from China such as curbs on non-essential imports, promotion of 'Make in India' and Production Linked Incentive (PLI) Scheme for various sectors including pharmaceuticals. The Secretary also briefed the Committee about intiatives taken by the Department such as Districts as Export Hubs (DEHs) and One District One Product (ODOP) for promotion of exports from the country. The representatives of the Department of Commerce, then informed the Committee about issues faced by the Tea Industry and submitted that the Department will be able to achieve its estimated export target for 2022-23.

8. The Chairman, then, thanked the representatives of the Department of Commerce for the information provided on the subject and requested them to furnish written replies on the issues not addressed during the meeting.

(The witness then withdrew)

9. A verbatim record of proceedings of the meeting was kept.

10. The Committee then adjourned at 04.16 P.M.

IX*
NINTH MEETING

The Department Related Parliamentary Standing Committee on Commerce met at 04.15 P.M. on Monday, the 20th March, 2023 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Dr. Abhishek Manu Singhvi — *Chairman*

RAJYA SABHA

2. Shri Ayodhya Rami Reddy Alla
3. Shrimati Priyanka Chaturvedi
4. Shri Jugalsinh Lokhandwala
5. Shri Dhananjay Bhimrao Mahadik
6. Shri Deepak Prakash

LOK SABHA

7. Shri Prasun Banerjee
8. Shri Raju Bista
9. Shri Rajkumar Chahar
10. Shri Rameshbhai Lavjibhai Dhaduk
11. Shri Arvind Dharmapuri
12. Dr. Nishikant Dubey
13. Shri Santosh Kumar Gangwar
14. Shrimati Manjulata Mandal
15. Shri Arvind Ganpat Sawant

SECRETARIAT

Shrimati Kusum Sudhir, Joint Secretary
Shrimati Nidhi Chaturvedi, Additional Director
Shri Kuldip Singh, Under Secretary
Shri Raghubir Singh, Committee Officer

2. At the outset, the Chairman welcomed the Members to the meeting and informed them about the agenda of the meeting. The Committee, then, took up for consideration and adoption the following draft Reports:

(i) Draft 179th Report on Demands for Grants (2023-24) (Demand No. 10) of Department of Commerce, Ministry of Commerce and Industry; and

(ii) * * *

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* 8th Meeting of the Committee pertains to other matters.
*** Pertains to other matters.

3. After some discussion, the Committee decided to adopt the draft 179th Report with some modifications/alterations and authorised the Chairman to make modifications. * * *

4. The Committee then adjourned at 5.45 P.M.

*** Pertains to other matters.

X
TENTH MEETING

The Department Related Parliamentary Standing Committee on Commerce met at 04.30 P.M. on Thursday, the 23rd March, 2023 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shrimati Priyanka Chaturvedi —*In the chair*

RAJYA SABHA

2. Shri Ayodhya Rami Reddy Alla
3. Shri Jugalsinh Lokhandwala
4. Shri Dhananjay Bhimrao Mahadik

LOK SABHA

5. Shri Raju Bista
6. Shri Rajkumar Chahar
7. Shri Rameshbhai Lavjibhai Dhaduk
8. Dr. Nishikant Dubey
9. Shri Santosh Kumar Gangwar
10. Shri Manoj Kishorbhai Kotak
11. Shri Magunta Sreenivasulu Reddy
12. Shri Arvind Ganpat Sawant

SECRETARIAT

Shrimati Kusum Sudhir, Joint Secretary
Shrimati Nidhi Chaturvedi, Additional Director
Shri Kuldip Singh, Under Secretary
Shri Raghubir Singh, Committee Officer

2. In the absence of Chairman, Smt Priyanka Chaturvedi, M.P, Rajya Sabha, who had been authorised by the Chairman presided over the meeting. At the outset, the Chairman welcomed the Members of the Committee to the meeting and informed them about agenda of the meeting. * * *

3. The Committee also decided that * * * the following draft reports which were adopted by the Committee in its previous meetings held * * * 20.03.2023 may * * * be presented/laid to both the Houses of Parliament:

i) * * *

*** Pertains to other matters.

ii) * * *

iii) * * *

iv) Draft 179th Report on Demands for Grants (2023-24) (Demand No. 10) of Department of Commerce, Ministry of Commerce and Industry adopted by the Committee on 20.03.2023.

4. The Committee, thereafter, decided that the above Reports will be presented by Shri Dhananjay Bhimrao Mahadik, M.P in the absence of the Chairman or by Shri Ayodhya Rami Reddy Alla, M.P in case of absence of both the Chairman and Shri Dhananjay Bhimrao Mahadik, M.P in Rajya Sabha on 24th March, 2023. It was also decided that Dr. Nishikant Dubey, M.P and in his absence Shri Rajkumar Chahar, M.P. will lay the Reports in the Lok Sabha on 24th March, 2023.

5. The Committee then adjourned at 5.30 P.M.

*** Pertains to other matters.