

# STATEMENT OF ACTIVITIES 2018-19

Department of Commerce



सत्यमेव जयते

Government of India  
Ministry of Commerce & Industry  
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# OVERVIEW

## OVERVIEW

### **Introduction**

#### **I. Global Economic Outlook**

World Economic Outlook, October 2018, global growth is projected at 3.7 percent for the years 2018 and 2019, 0.2 percentage points lower for both the years than the April Forecast. Trade wars between global giants have escalated tension such that the forecast for 2019 has been revised down due to recently announced trade measures, including the tariffs imposed on \$200 billion of US imports from China.

Thus, as per WTO forecasts, World merchandise trade volume is expected to grow by 3.9% in 2018, accompanied by global GDP growth of 3.1% at market exchange rates. Trade volume growth is further projected to slow down to 3.7% in 2019 as global GDP growth dips to 2.9%.

#### **II. India's Trade and Economic Situation**

Indian trade scenario for the year 2017-18 exhibits a positive growth scenario. India's overall exports (**Merchandise and Services combined**) in 2017-18 were USD 498.61 Billion, exhibiting a positive growth of 13.31 per cent over the same period last year. Overall exports recorded a Compound Annual Growth Rate (CAGR) of 6.16 percent from

April-March 2008-09 to April-March 2017-18.

A number of concerted steps/measures have been taken up for promoting exports. These relate to measures for improved trade facilitation and support, including focus on logistics, trade facilitation, increased digitization to increase transparency and reduce human interface, implementation of GST, skilling, promoting Ease of Doing Business Measures etc. Merchandise exports have exhibited a rising trend in the post 2015-16 period, with merchandise export growth in dollar terms of 5.17% and 10.03% in 2016-17 and 2017-18 respectively, despite an adverse global scenario.

In spite of a possibility of fresh global economic slowdown, Indian exports are on a positive growth trajectory with merchandise exports likely to breach USD 314 billion mark in 2018-19, which were India's highest merchandise exports recorded in 2013-14.

#### **Merchandise Trade: April-December, 2018**

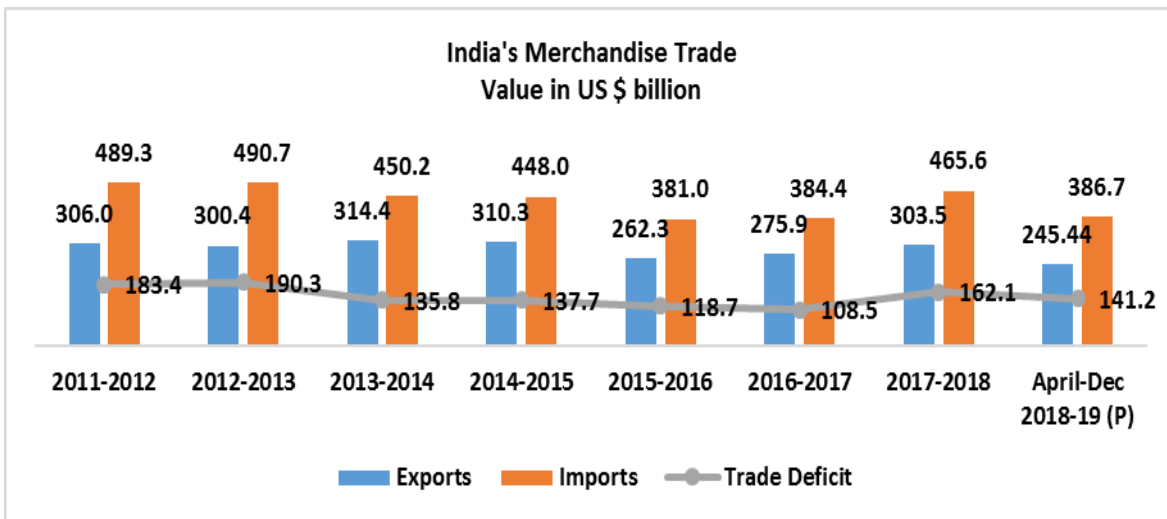
- Cumulative value of merchandise exports for the period April-December 2018-19 (QE) was US \$ 245.44 Billion as against US \$ 222.77 Billion during the period April-December 2017-18, registering a positive growth of 10.18

per cent.

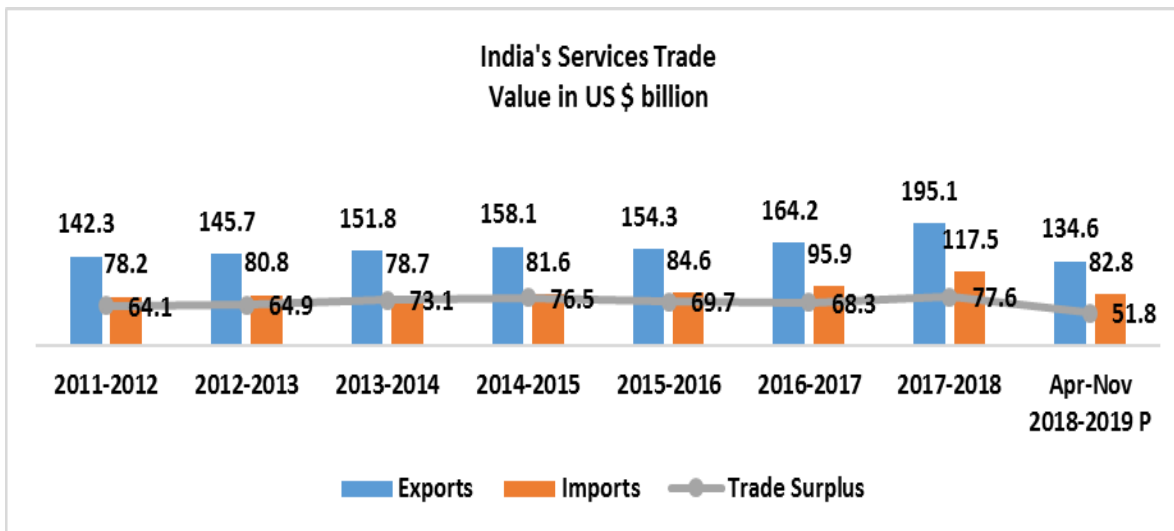
- This growth was mainly on account of commodities like Petroleum products (42.02%), Electronic Goods (35.84%), Plastic & Linoleum (32.05%) and Organic & Inorganic Chemicals (25.73%).
- Cumulative value of merchandise imports for the period April-December 2018-19(QE) was US \$ 386.65 Billion, as against US \$ 343.34 Billion during the period April-December 2017-18, registering a positive growth of 12.61 per cent in Dollar terms.
- This growth was mainly on account of commodities like Petroleum, Crude & products (42.85%), Machinery, electrical & non-electrical (19.81%), Coal, Coke & Briquettes, etc. (21.56%) and Organic & Inorganic Chemicals (21.03%).
- India's merchandise exports as a percentage of GDP are 12.89 per cent in April-March 2017-18(P).
- As per WTO database, in merchandise trade, India was the 20th largest exporter in the world with a share of 1.70% and it was the 11th largest importer with a share of 2.50% in 2017.

## **Service Trade**

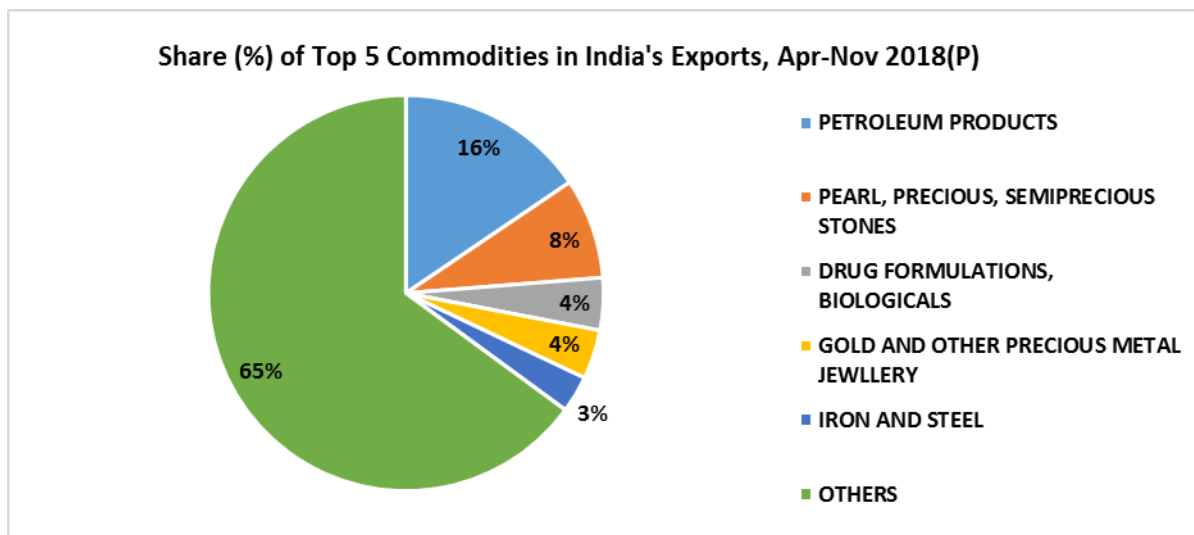
- India's service exports reached a level of US\$ 195.10 billion during April-March 2017-18, registering a positive growth of 18.81 percent over previous year.
- Service exports recorded a Compound Annual Growth Rate (CAGR) of 7.02 percent from April-March 2008-09 to April-March 2017-18.
- Net of Services was financing 47.86% of the merchandise trade deficit in 2017-18.
- In commercial services, India was the 9th largest exporter in the world with a share of 3.4% and the 10th largest importer with a share of 3% in 2017.
- India's service exports as a percentage of GDP were 8.28 per cent in April-March 2017-18(P).
- Cumulative value of service exports for the period April-Nov 2018-19 (P) was US \$ 134.56 Billion.
- Cumulative value of service imports for the period April-Nov 2018-19 (P) was US \$ 82.78 Billion.
- Cumulative value of service Trade Surplus for the period Apr-Nov 2018-19 (P) is US \$ 51.78 billion.



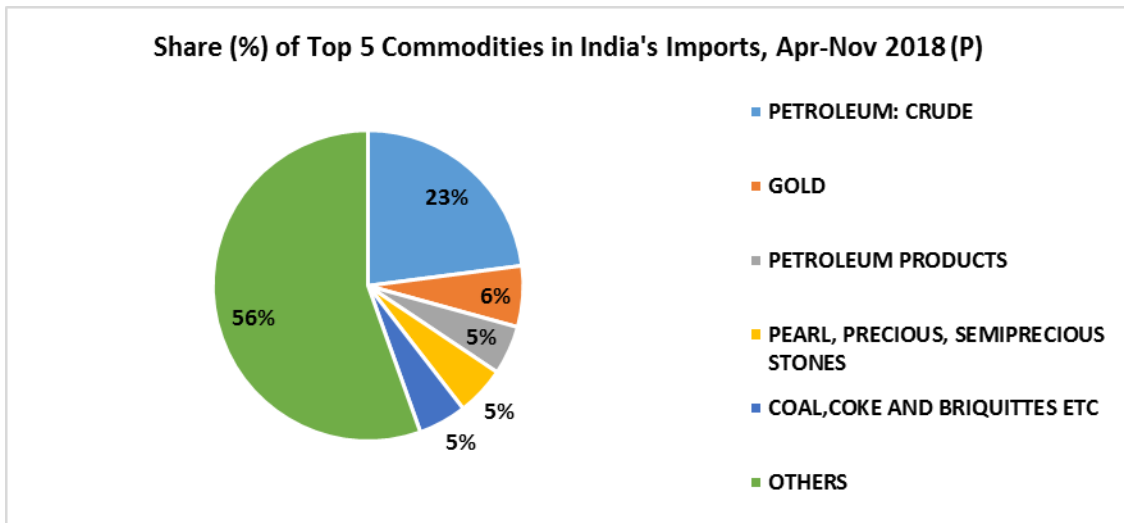
Source: DGCI&S



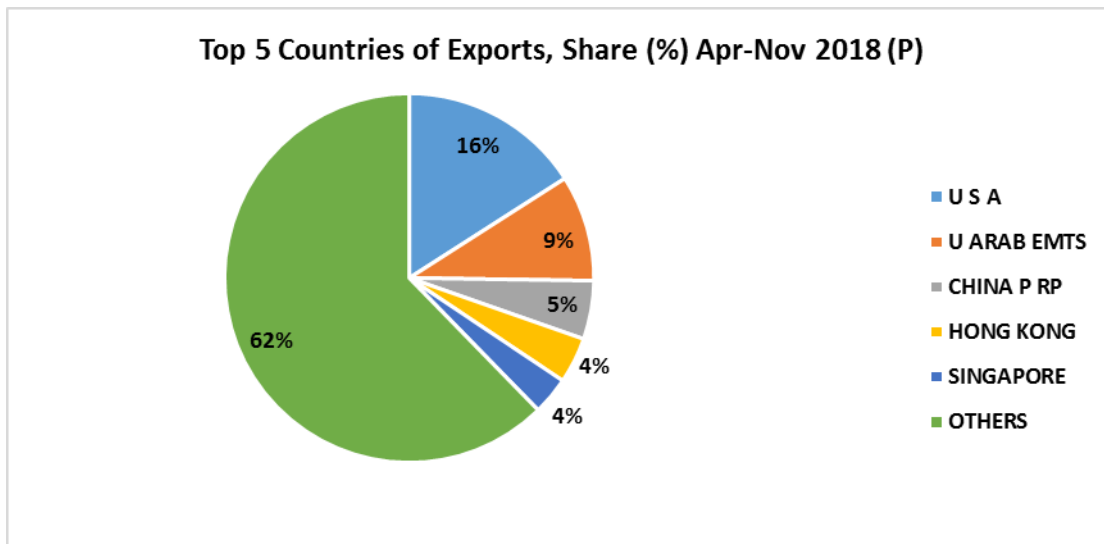
Source: RBI



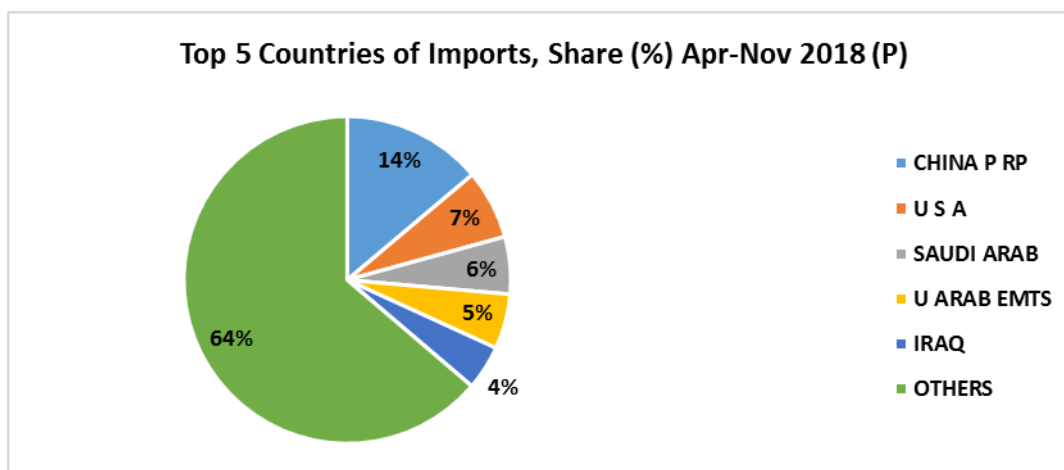
Source: DGCI&S



Source: DGCI&S



Source: DGCI&S



Source: DGCI&S

### III. Key Initiatives taken by Department of Commerce to Improve Export Performance

#### 1. Trade Promotion

- *Foreign Trade Policy 2015-20, Mid-term review notified in December 2017*

- Encouraging Exports by MSMEs and Labour Intensive Industries: FTP was aligned with GST.

#### 2. Promoting agricultural exports

- Commerce Ministry has formulated **India's first ever Agricultural Export Policy** with a focused plan to boost India's agricultural exports to USD 60 billion by 2022 thereby assisting the Agriculture Ministry in achieving its target of USD 100 billion.

- The vision of the Agriculture Export Policy is to harness the export potential of Indian agriculture through suitable policy instruments and to make India a global power in agriculture and raise farmers' income.
- The recommendations in the Agriculture Export Policy are in two categories – Strategic and Operational:
  - Strategic include focus on policy measures, infrastructure and logistics support and greater involvement of state governments in agri exports
  - Operational aspects will include a focus on clusters, promoting value added produce, marketing of “Brand of India” etc.

### 3. Enhancing the ease of doing business for exporters

- Director General of Foreign Trade (DGFT) has taken several measures to strengthen the technology platform and enhance the ease of doing business for exporters:
  - DGFT has upgraded the existing technology hardware across the board this year.
  - An online grievance redressal service, **Contact@DGFT**, was launched on DGFT website. It is the single point contact for all foreign trade related issues of the exporters and importers. In the last year, over 60,000 grievances have been received on this platform, of which 97% have been addressed.
  - DGFT's EDI system provides facility for online application by exporters-importers for most of the trade promotion schemes and authorisations – IEC, Advance Authorization Scheme, Annual Advance Authorization Scheme, DFIA, EPCG Scheme, Annual EPCG Scheme, MEIS, SEIS, a FPS, FMS, MLFPS, VKGUY, SFIS, SHIS, Incremental Export Incentivisation Scheme, Authorization for import and export of restricted items. The interface with other agencies (Customs and RBI) is also through this EDI system.
  - An online view of Shipping Bill data, electronically received from Customs, has been created for all Shipping Bills issued since 1.4.2016 for regional offices. Now, the exporters will not require to file physical copy of shipping bill for redemption of EODC. DGFT regional Offices can use electronically transmitted SB data from Customs for various other purposes also.
  - Exporters can self-generate Importer Exporter Code (IEC) on online platform.
  - Online auto approval of MEIS benefit has been introduced since September 2018 for 97% of product lines under MEIS. Now, MEIS applications are system approved and scrips are released within 3 days of the approval.
  - Call centre has been strengthened and now all telephone calls received on the help desk are closely monitored. An IVRS system has also been deployed.

#### **4. Further championing the services sector**

- The services sector got a big push when the Union Cabinet approved Department of Commerce's Champion Services Sectors initiative on 28<sup>th</sup> February, 2018 to give focused attention to 12 identified Champion Services Sectors, namely, IT & ITeS, Tourism and Hospitality Services, Medical Value Travel, Transport and Logistics Services, Accounting and Finance Services, Audio Visual Services, Legal Services, Communication Services, Construction and Related Engineering Services, Environmental Services, Financial Services and Education services.
- Nodal Ministries/Departments have been identified to prepare sectoral action plans and sectoral schemes for their respective service sectors in consultation with stakeholders and the Department of Commerce (DoC). The Cabinet has also approved a dedicated fund of Rs 5000 Crore to support sectoral initiatives of the identified sectors. The sectoral schemes of the nodal Ministries/Departments is envisaged

to operate under the umbrella scheme, that is, the Champion Services Sector Scheme (CSSS). The Screening Committee has recommended funding proposals for sectoral schemes of various nodal Ministries/Departments under CSSS and has earmarked additional funds for some others.

#### **5. Revamping the Special Economic Zone (SEZ) Policy**

- The Baba Kalyani led committee constituted by the Ministry has studied the existing SEZ policy of India.
- The objectives of the committee were to evaluate the SEZ policy and make it WTO compatible, suggest measures for maximizing utilisation of vacant land in SEZs, suggest changes in the SEZ policy based on international experience and merge the SEZ policy with other Government schemes like coastal economic zones, Delhi-Mumbai industrial corridor, national industrial manufacturing zones and food and textiles parks.
- The Group submitted its Report to Hon'ble Minister for Commerce and Industry on 19.11.2018. An inter-ministerial consultation was held on

26.12.2018 to consult the various stakeholder ministries. The report has been placed in the public domain till 31.01.2019 for public consultation.

#### **6. Development of the state-of-the-art India International Convention and Expo Centre**

- The Ministry is developing India International Convention and Expo Centre as a world class facility over an area of 221.37 acres in Sector 25 Dwarka, New Delhi at an estimated cost of Rs. 25,703 crore.
- The foundation stone for the Project was laid by the Prime Minister of India on 20th September 2018. Phase-I will be completed by December 2019 and the Phase-II will be completed by December 2024.

#### **7. Logistics**

- The Government has recognised that efficient logistics is an important lever to improve competitiveness. Logistics division was set up in Department of Commerce in July 2018 for integrated development of the logistics sector.
- India has improved its ranking in World Bank's Ease of Doing Business, 2018, from 100 in 2017 to 77 in 2018.

- The ranking in 'Trading across Borders' has shown a substantive improvement from 146 in 2017 to 80 in 2018. This positive jump is due to a series of reforms undertaken in the past one year.
- Logistics activities like warehousing, cold chain and MMLP's have been granted infrastructure status.
- Centre for Logistics & Trade Facilitation has been created in IIFT as a centre for excellence to conduct research on logistics
- The work on the National Integrated Logistics Action Plan is progressing. Interventions have been identified for several commodities like coal, cement, iron ore, steel, food grains, containers, apples, tomatoes, etc. Once implemented, the logistics costs for these are likely to reduce by over Rs.20,000 crore per annum.

#### **8. Infusing transparency in procurement through the Government e-Marketplace**

- Government eMarketplace (GeM) was set up as the National Public Procurement Portal in August 2016 for facilitating completely online and transparent system for procurement of goods and services by Government organizations.

- In about two years of its formation, GeM is already Government's biggest e-marketplace. Procurement worth more than Rs. 17000 Crores has been done through this portal.
- More than 31,000 Organization in Central Government, State Government and Public Sector are using GeM for their Procurement.
- More than 1.75 Lakhs Vendors are offering over 7 Lakh products and services in GeM.
- Within a short span of time, GeM has transformed the public procurement in the country with speed, efficiency and transparency through the paperless, contact less and cash less platform offering end-to-end solution.

#### **9. Reforms for strengthening and modernising the WTO**

- India is engaged in the discussions in the WTO on the issue of reforms so as to make it a more effective body. With a view to strengthening of Dispute Settlement Mechanism, which is vital to implementation of the WTO rules, India has co-sponsored a proposal with the EU.
- Second RCEP leaders' summit was held on 14<sup>th</sup> November 2018, where

leaders acknowledged substantial progress in the negotiations.

- During the RCEP Ministerial Round meeting on 12-13 November 2018, 3 more chapters were concluded, taking the total chapters successfully concluded so far to 7 out of 16.
- Three think-tanks are being engaged for undertaking comprehensive study on India's approach to RCEP. ICRIER, CRT and IIM (Bangalore) and CWTOS have been selected for the purpose.

#### **10. Promoting high end research under Indian Institute of Foreign Trade (IIFT)**

- *Centre for WTO Studies:* Over the years, the Centre has conducted a robust research programme with a series of papers in all spheres of interest at the WTO. It has also created a specialized e-repository of important WTO documents, especially related to India, in its Trade Resource Centre.
- *Centre for Regional Trade (CRT):* It undertakes research in economics with a focus on trade and investment related issues relevant to international cooperation of India

with specific regions and countries, including Latin America, Africa, South Asia, ASEAN, China, EU, Japan, Korea and USA.

- ***The Centre for Trade and Investment Law (CTIL)***: The Centre aims to create a dedicated pool of legal experts that who could provide technical inputs for enhancing India's participation in international trade and investment negotiations and dispute settlement. The Centre also aims to be a thought leader in the various domains of international economic law such as WTO law, international investment law and legal issues relating to economic integration.

## **11. Standards and technical regulations**

- Notifying Technical Regulations (TRs) to address regulatory gaps
  - In pursuance of the Committee of Secretaries (CoS) decision on notifying technical regulations (TRs) to address regulatory gap in India, and follow up through core group reviews, the pace of notifying TRS has been greatly accelerated. Regulators are informed

about WTO-compatible Dos & DO'NTs in this regard, avoiding poorly defined regulations. Efforts are on anvil to match up to the international best practices with regard to preparation adoption and application of TRs.

- Support and Outreach Program for MSME Sector launched by Hon'ble Prime Minister
  - MSME Support & Outreach Program was launched by Hon'ble Prime Minister on 02.11.2018. Under this program the officers of various central and state government agencies participate and address the financial and other issues of MSMEs in the country. From Quality Framework point of view, the program promotes registration of Quality Certificates like ISO-9000 in MSME clusters. The progress of implementation monitored on the dashboard ([www.msmesupport.gov.in](http://www.msmesupport.gov.in)) on weekly basis.

- To give further fillip to the Quality agenda, Department of Commerce is organizing National and Regional Standards Conclaves in coming 100 days. A Special National Standards Conclave in Mumbai and Regional Standards Conclave in Uttar Pradesh, Orissa and Telangana are proposed.

## **12. Monitoring Trend in Exports**

- In order to sustain and enhance the existing trend of increase in exports both Merchandise and Services, in addition to the ongoing facilitation and incentivization measures, an extensive consultation process has been undertaken with exporters, export promotion councils and administrative ministries / departments to finalise the specific action points in each sector to address bottlenecks and pursue export opportunities. Higher priority has been given to action points which will result in immediate increase in exports in the next 3-4 months, within this fiscal year. Progress in quantitative terms is to be regularly tracked in each commodity group.

- As part of this process, opportunities arising from the reciprocal tariffs imposed mutually by US and China, have been focused on in particular. Detailed tariff line wise analysis has been undertaken for both markets and shared with the line Ministries and the EPCs / big exporters of these products and regular reviews undertaken with them. Facilitation through our Missions abroad and visits of businesses as well as inter-ministerial delegations have been arranged in the relevant sectors. Measures have also been initiated for obtaining market access in these markets (especially China), where such access to India is at present not available. The protocol of non-basmati rice has been finalised and the first consignment of 100 tonnes was shipped to China on 28.9.2018. Initiatives have also been taken in respect of export of soyabean / rapeseed meals, sugar, pharmaceuticals, grapes, milk and milk products, bovine meat, pomegranate, corn, maize and sorghum to China.

## **13. Trade Infrastructure for Export Scheme (TIES)**

- The TIES scheme is being implemented for a period of 3 years w.e.f. F.Y. 2017-18. The objective of this scheme is to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first mile and last mile connectivity for export-oriented projects and addressing quality and certification measures. The main focus is to create appropriate infrastructure for development and growth of exports through engagement of Central/State Agencies by extending assistance to them. The Central Government assistance for infrastructure creation is in the form of grant in-aid, normally not more than the equity being put in by the implementing agency or 50% of the total equity in the project. (In case of projects located in North Eastern States and Himalayan States including J&K, this grant can be upto 80% of the total equity).

#### **14. Directorate General of Trade Remedies (DGTR)**

- The Directorate General of Anti-dumping and Allied duties (DGAD) which was formed in 1997 has been restructured as Directorate General

of Trade Remedies (DGTR) on May 17, 2018 consequent upon amendment carried out by **Government of India (Allocation of Business) Rules, 1961 on May 7, 2018**. The DGTR has been created by restructuring and re-designating DGAD into DGTR by incorporating all the trade remedial functions i.e. Anti-Dumping & Allied Duties, Safeguards Duty and Safeguards Measures (QRs) from DGAD, DG Safeguards and DGFT respectively, under single window framework. The DGTR is a professionally integrated organization with multi-spectrum skill sets emanating from officers drawn from different services and specializations.

- It is the single National authority for administering all trade remedial measures including Anti-Dumping, Countervailing Duties and Safeguard Measures. DGTR provides a level playing field to the domestic industry against the adverse impact of the unfair trade practices like dumping and actionable subsidies from any exporting country, by using Trade Remedial methods under relevant framework of WTO arrangements, Customs Tariff Act & Rules and

other relevant laws and International agreements, in a transparent and time bound manner.

## **15. Increased Engagement of States for Export Promotion**

### **• Council for Trade Development and Promotion**

- A Council for Trade Development and Promotion was notified under the chairpersonship of the Union Commerce and Industry Minister, in which the Trade & Industry Ministers of all the states are members along with the Secretaries of the Central Ministries/Departments dealing with infrastructure and finance and the apex industry associations. The 1st and 2nd meeting of the Council was convened on the 8.1.16 and 5.1.17 respectively. The 3rd meeting of the Council was held on 10th January, 2019 with the participation of all States/UTs.

### **• Joint meetings with State Governments and exporters**

- Under the initiative, Commerce Secretary leads a team of officials from Dept of Commerce, DGFT, Customs, CONCOR and concerned ministries to sensitize the states on the need to promote trade related infrastructure and other issues. The meeting with the State Government officials, jointly chaired by the Commerce Secretary and the Chief Secretary of the State, deliberates on the DGCIS data on exports from the state, the issues related to local taxation/levies, power availability, road/rail connectivity etc as aired by the local exporters/CHAs.
- The initiative by the Ministry of Commerce, Government of India provides the exporters with an interactive platform to articulate the current problems being faced by them with the various regulatory agencies both at the centre and state level.

- As part of this, Commerce Secretary has convened such joint meetings in Telangana, Goa, Tamil Nadu, Assam and Meghalaya during 2018-19. Other States viz. Madhya Pradesh, Maharashtra, Tamil Nadu, Gujarat, Rajasthan, combined meeting of all the North Eastern States, Andhra Pradesh, Telangana, Karnataka, Chhattisgarh, Odisha, Uttar Pradesh, West Bengal, Kerala, Himachal Pradesh, Punjab and Haryana were visited in previous financial years.

#### **16. Interest Equalization Scheme on Pre & Post Shipment Rupee Export Credit**

- The Interest Equalization Scheme (IES) for pre and post Shipment Rupee Export Credit is being implemented by the DGFT through RBI on behalf of the Government. The scheme came into effect from 1.4.2015 and is for a period of 5 years. Under the scheme, interest equalization @ 3% per annum has been made available to eligible exporters which include manufacturing exporters for exports

in the identified 416 four-digit tariff lines and all MSME exporters across all their merchandise exports. Thus, banks provide loans to eligible exporters by way of pre and post Shipment Rupee Export Credit, and in respect of exporters covered under the IES, the rate of interest is reduced by 3% per annum. This helps the identified export sectors to be internationally competitive and helps them in achieving a higher level of export performance.

- Keeping in view the poor performance of exports from MSMEs and the difficulties faced by them in accessing loan at competitive rates, as a part of the MSME package, it has been decided that the MSME exporters would be given extra push by way of enhancing interest equalisation rate from 3% to 5%, Accordingly, CCEA in its meeting held on 1.11.2018 has given its approval on increasing the interest equalization rate from 3% to 5% for exports being made by MSME sector under the ongoing Interest Equalization Scheme(IES) on Pre and post Shipment Rupee Export Credit

- Further in view of consistent demand by the exporting community to include merchant exporters also in the ongoing scheme, merchant exporters have also been included under the Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit by allowing them interest equalisation

rate of 3% on such credit for export of products covered under 416 tariff lines identified under the scheme.



# **ORGANIZATIONAL STRUCTURE AND FUNCTIONS**

## **Chapter 1: Organizational Structure and Functions**

### **Vision and Mission**

The long-term vision of the Department is to make India a major player in the world trade and assume a role of leadership in the international trade organizations commensurate with India's growing importance.

The policy tools being adopted involve Strategy focusing on the targeted commodity and country in the medium term and the Foreign Trade Policy in the long run.

### **Functions**

The Department formulates, implements and monitors the Foreign Trade Policy (FTP) which provides the basic framework and strategy to be followed. The Trade Policy is periodically reviewed to incorporate changes necessary to take care of emerging economic scenarios both domestic and international. Besides, the Department is also entrusted with responsibilities relating to multilateral and bilateral commercial relations, Special Economic Zones, state trading, export promotion and trade facilitation, and development and regulation of certain export oriented industries and commodities.

The Department is headed by a Secretary who is assisted by one Special Secretary, one Special Secretary & Financial Adviser, four Additional Secretaries, Twelve Joint Secretaries and Joint Secretary level officers and a number of other senior officers. The Department is functionally organized into the following 10 Divisions:

- International Trade Policy Division
- Foreign Trade Territorial Division
- Export Products Division
- Export Industries Division
- Export Services Division
- Economic Division
- Administration & General Service Division
- Finance Division
- Supply Division
- Logistics Division

The various offices / organizations under the administrative control of the Department are: (A) two Attached Offices, (B) ten Subordinate Offices, (C) ten Autonomous Bodies, (D) five Public Sector Undertakings, (E) one Advisory Body, (F) fourteen Export Promotion Councils and (G) six Other Organizations. The broad organizational set up and major role and functions of the offices / organizations under the administrative control of the Department are discussed below:

## **(A) Attached Offices**

### **(i) Directorate General of Foreign Trade (DGFT)**

Directorate General of Foreign Trade (DGFT) is an attached office of the Ministry of Commerce and Industry and is headed by the Director General of Foreign Trade. Right from its inception till 1991, when liberalization in the economic policies of the Government took place, this organization has been essentially involved in the regulation and promotion of Foreign Trade. Keeping in line with liberalization and globalization and the overall objective of increasing of exports, the DGFT has since been assigned the role of a "Facilitator". The shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports, keeping in view the interests of the country.

### **(ii) Directorate General of Supplies and Disposals (DGS&D)**

#### **Government e-Marketplace- Special Purpose Vehicle (GeM-SPV)**

The Union Cabinet chaired by the Hon'ble Prime Minister on 12<sup>th</sup> April 2017 gave its approval for setting up of a Special Purpose Vehicle to be called Government e-Marketplace (GeM-SPV) as the National Public Procurement Portal under Section 8 of the Companies Act, 2013, for providing

procurement of goods & services required by Central & State Government organizations. In view of setting up of GeM SPV, the Cabinet also approved closure of DGS&D by 31.10.2017. The process of winding up was initiated and all Regional Offices/Directorates of DGS&D across India were closed. **The closure of DGS&D was effected on 31.10.2017.**

### **(iii) Directorate General of Trade Remedies(DGTR)**

The Directorate General of Trade Remedies (DGTR) (earlier known as Directorate General of Anti-Dumping & Allied Duties) is an attached office of the Department of Commerce, Ministry of Commerce & Industry. The Directorate General of Anti-Dumping & Allied Duties(DGAD) which was formed in 1997 has been restructured as DGTR in May 2018 by restructuring and re-designating DGAD into DGTR by incorporating all the trade remedial functions i.e. Anti-Dumping Duty(ADD), Countervailing Duty (CVD), Safeguards Duty(SGD), Safeguards Measures(QRs) under single window framework. Thus the DGTR has been formed by merging of functions of DGAD, D/o Commerce, Directorate General of Safeguards, D/o Revenue and Safeguards (QR) functions of DGFT into its fold. The DGTR is a professionally integrated organization with

multi-spectrum skill sets emanating from officers drawn from different services and specializations.

## **(B) Subordinate Offices**

### **(i) Directorate General of Commercial Intelligence and Statistics (DGCI&S)**

The Directorate General of Commercial Intelligence & Statistics (DGCIS) is the premier organization of Government of India for collection, compilation and dissemination of India's trade statistics and commercial information. This Directorate, with its office located at Kolkata, is headed by a Director General. It is entrusted with the work of collecting, compiling and publishing/disseminating trade statistics and various types of commercial information required by the policy makers, researchers, importers, exporters, traders as well as overseas buyers. It is the first large scale data processing organization in the country with ISO certification for Compilation and Dissemination of India's foreign trade statistics, which has been upgraded to ISO 9001:2015 in 2017.

### **(ii) Office of Development Commissioner of Special Economic Zones (SEZs)**

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. All laws of India are applicable in SEZs unless specifically exempted as per the SEZ Act/Rules. Each Zone is headed by a Development Commissioner and is administered as per the SEZ Act, 2005 and SEZ Rules, 2006. Units may be set up in the SEZ for manufacturing, trading or for service activity. The units in the SEZ have to be net foreign exchange earners but they are not subjected to any predetermined value addition except (Gems & Jewellery Units) or minimum export performance requirements. Sales in the Domestic Tariff Area from the SEZ units are treated as if the goods are being imported and are subject to payment of applicable customs duties.

### **(iii) Pay and Accounts Office (Supply)**

The payment and accounting of the Supply Division, including that of the DGS&D is performed by the office of the Chief Controller of Accounts (Supply Division) under the Departmentalized Accounting System, through its Regional Pay and Accounts offices at New Delhi, Kolkata, Mumbai and Chennai. Consequent upon the Union Cabinet's Decision to close the DGS&D w.e.f. 31.10.2017, the office of the CCA(supply) has been discontinued and

residual works are now being handled by the CCA(Commerce) with the skeletal staff and 02 PAOs in New Delhi and Kolkata. The work of the RPAO (Supply), Mumbai and the RPAO (Supply), Chennai have been overtaken by the RPAO(Commerce), Mumbai and the RPAO (Commerce), Chennai respectively.

#### **(iv) Pay and Accounts Office (Commerce & Textiles)**

The Pay & Accounts Office, DOC & MOT are responsible for the payment of claims, accounting transactions, consolidation of accounts and other related matters like finalization & payment of pension, revision of pension with the help of DDO & payment of final GPF cases, loan & advance, Grant in Aid, maintenance of GPF/CPF, NPS, LSC & PC, etc. through the four Departmental PAOs in Delhi, two each in Kolkata, Mumbai & Chennai. The CCA office coordinates with various entities to facilitate implementation of the PFMS (EAT/DBT).

These Departmental PAOs are controlled by Principal Account office at New Delhi with the CCA as the head of the Department of Accounts Wing. The CCA extends all assistance to the FA in budgeting, monitoring & control of expenditure, in rendering Professional expertise in matters related to Financial Management System,

preparation of disclosure statements as required under the FRBM Act, Annual Finance Accounts, Estimation & flow of Non-tax Revenue Receipts etc. All operationalization of the PFMS (EIS, EAT, Pension, GPF, CDDO Package, NTRP, LOA etc.) are being monitored by the CCA Office. There is an internal Audit Wing under the control of the CCA to study the accounting and implementation of prescribed procedure with a view to ensure that they are correct & adequate. Pension and GPF Module of PFMS has become operationalized in the Ministry.

Supply Division – Two PAOs of Supply division each at Kolkata and Delhi still in existence to complete the residual works of vigilance, court cases and revision of Pension etc.

### **(C) Autonomous Bodies**

#### **(i) Coffee Board**

#### **(ii) Rubber Board**

#### **(iii) Tea Board**

#### **(iv) Tobacco Board**

#### **(v) Spices Board**

#### **(vi) The Marine Products Export Development Authority (MPEDA)**

#### **(vii) Agricultural and Processed Food Products Export Development Authority (APEDA)**

**(viii) Export Inspection Council of India (EIC)**

**(ix) Indian Institute of Foreign Trade (IIFT)**

**(x) Indian Institute of Packaging (IIP)**

**(D) Public Sector Undertakings (PSUs)**

**(i) State Trading Corporation of India Limited (STC)**

The STC was set up on 18th May 1956 primarily with a view to undertake trade with the East European countries and to supplement the efforts of private trade and industry in developing exports from the country. Since then, the STC has played an important role in country's economy. It has arranged imports of essential items of mass consumption (such as wheat, pulses, sugar, edible oils, etc.) and industrial raw materials into India and also contributed significantly in developing exports of a large number of items from India.

**STCL LIMITED:**

The STCL was originally incorporated in October 1982 in the name and style as "CARDAMOM TRADING CORPORATION LIMITED" as a PRIVATE LIMITED COMPANY under the Companies Act, 1956.

Consequent to the change of name, the Company obtained a fresh certificate of incorporation under the name of SPICES

TRADING CORPORATION LIMITED with effect from August 1987 in order to widen its marketing base from Cardamom to other range of spices.

**(ii) MMTC Limited**

The MMTC Limited was incorporated in 1963 as an independent entity primarily to deal in exports of minerals and ores and imports of non-ferrous metals. Over the years, the MMTC diversified its business portfolio keeping in view national requirements and new business opportunities including import and export of various items. Commodities like fertilizers, steel, diamonds, coal & hydrocarbon, bullion, agro etc. were progressively added to the portfolio of the company.

**Subsidiary Company**

The MMTC Transnational Pte. Ltd., Singapore (MTPL) is a wholly owned subsidiary company of MMTC and was incorporated in October 1994 under the laws of Singapore with a share Capital of USD 1 million. Since inception, the company has been engaged in commodity trading and has established itself as a credible and reputable trading company in Singapore.

**(iii) PEC Limited**

The PEC Limited was incorporated as subsidiary company of the State Trading Corporation in 1971 as "The Projects and

Equipment Corporation of India Limited”. The name of the Company was changed to PEC Limited on 25th November, 1997. The main functions of the PEC Limited include export of projects, engineering equipment and defence equipments, import of bullion and trading in industrial raw material and agro commodities.

#### **(iv) ECGC Ltd (Formerly Export Credit Guarantee Corporation of India Ltd.)**

The ECGC is a premier Export Credit Agency (ECA) of the Government of India set up in 1957 under the Companies Act 1956, to provide Export Credit Insurance Services to the Exporters and Banks on a self- sustainable basis. The covers and compensations to beneficiaries- both exporters and bankers, have provided crucial backing to the overall export achievements of the country. The ECGC provides credit insurance covers (popularly known as ‘Policies’) to exporters to protect them against losses due to non- payment of export dues by overseas buyer due to political and/or commercial risks. It also offers covers (known as Export Credit Insurance for Banks- ECIB) to banks to augment/ ensure flow of adequate bank credit to exporters at pre shipment and post shipment stages.

#### **National Export Insurance Account (NEIA)**

The National Export Insurance Account (NEIA) is a vital policy instrument that enables the Govt. of India to support project exports in the national interest thereby enabling creation of sustenance of visible impact on India’s capacity in executing projects abroad.

The NEIA through its cover for project exports helps to make Indian project exporters more competitive and to gain a stronger foothold in regions of national strategic interest.

The Government of India established the NEIA Trust in 2006 to promote project exports from India that are of strategic and national importance.

#### **(v) India Trade Promotion Organization (ITPO)**

The India Trade Promotion Organisation (ITPO) was formed in the year 1992, after re-naming of the Trade Fair Authority of India (TFAI) and merging of Trade Development Authority of India (TDA) with the TFAI. The ITPO is a Schedule “B” Miniratna Category-I CPSE under the administrative control of the Department of Commerce with 100% shareholding by the Government of India. Its Registered and Corporate Office is at Pragati Bhawan,

Pragati Maidan, New Delhi. The Regional Offices of ITPO are located in Mumbai, Kolkata, Chennai resulting in representative participation of trade and industry from different regions of the country in its events in India and abroad.

### **(E) Export Promotion Councils (EPCs)**

At present, there are fourteen Export Promotion Councils (EPCs). The EPCs are registered as non-profit organizations under the Companies Act/Societies Registration Act and perform, both, advisory and executive functions. Roles and functions of these Councils are guided by the Foreign Trade Policy 2015-20 which also recognizes them as registering authorities for exporters.

### **(F) Advisory Bodies**

#### **(i) Board of Trade (BOT)**

The Board of Trade (BOT) was reconstituted vide Trade Notice No.21 dated 23.03.2016 as per mandate given under Para 300 of Foreign Trade Policy Statement 2015-2020. The objective of the BOT is to have continuous discussion and consultation with trade and industry. The Board of Trade would, inter-alia, advise the Government on policy measures related to Foreign Trade Policy in order to achieve the objective of boosting India's trade. The following are the terms of references of Board of Trade:

- To advise Government on Policy measures for preparation and implementation of both short and long term plans for increasing exports in the light of emerging national and international economic scenarios;
- To review export performance of various sectors, identify constraints and to suggest industry specific measures to optimize export earnings;
- To examine existing institutional framework for imports and exports and to suggest practical measures for further streamlining to achieve desired objectives;
- To review policy instruments and procedure for imports and exports and to suggest steps to rationalize those for optimum use; and
- To examine issues which are considered relevant for promotion of India's trade and for strengthening international competitiveness of Indian goods and services.

The second meeting of the reconstituted Board of Trade was held on 20.06.2017. The Commerce & Industry Minister during the meeting outlined that the export scenario has made a turnaround and has shown positive growth during the last 8 months as a result of several initiatives taken by the Department of Commerce; the productive outcome of the Trade Facilitation Agreement where India has been able to smoothen out several trade barriers affecting exports; the Department of Commerce has been in continuous interaction with the

Department of Revenue in sorting out several issues of exporters relating to the GST.

The issues raised by the exporters and organizations during the meeting were discussed. Record of Discussion (ROD) was circulated to concerned Ministries /Departments /Organizations for necessary action.

### **(G) Other Organizations**

#### **(i) Federation of Indian Export Organizations (FIEO)**

The Federation of Indian Export Organisations (FIEO), set up in 1965 and registered as an Export Promotion Council under the Societies Registration Act XXI of 1860, is the apex body for export promotion. The organisation is headquartered in Delhi and has its Regional Offices in Delhi, Mumbai, Chennai and Kolkata. The managing committee of the FIEO consists of representatives of the EPCs and the Commodity Boards, the APEDA, the MPEDA etc.

*(Details are given in Chapter 5)*

#### **(ii) Indian Diamond Institute (IDI)**

The Indian Diamond Institute (IDI) was established in 1978 under the Society Registration Act, 1860 and also under the Bombay Public Trust Act, 1950, with a focus to provide a vocational education in

the field of Diamond, Gems & Jewellery. The IDI is sponsored by the Ministry of Commerce & Industry, Government of India & is a project of the Gem & Jewellery Export Promotion Council. The IDI conducts vocational educational level programmes in the areas of diamond manufacturing, diamond grading, jewellery designing & jewellery manufacturing, gemmology thereby covering entire spectrum of Gems & Jewellery education under one roof. The Institute, as a knowledge provider to the re-skilling programmes launched by the GJEPC, upgrade/impart the skill to 315 small/medium diamond/jewellers manufacturers in interior parts of Gujarat. The IDI is also recognized as an Anchor Institute-Gems & Jewellery by Industries Commissionerate, Government of Gujarat.

#### **(iii) Footwear Design & Development Institute (FDDI)**

The Footwear Design and Development Institute (FDDI) was set-up by the Ministry of Commerce and Industry, Government of India in the year 1986 for development and promotion of footwear and allied product industries.

The FDDI, a premier Institute having the status of ‘Institution of National Importance’ as per FDDI Act, 2017, serves as a ‘One

stop solutions provider' in footwear, leather and allied industry.

**(iv) National Centre for Trade Information (NCTI)**

The National Centre for Trade Information (NCTI) is under process of winding up and don't have any activities during the year 2018-19.

**(v) Price Stabilization Fund Trust (PSFT)**

The Department of Commerce launched a Price Stabilization Fund (PSF) Scheme in April 2003 for a period of 10 years to compensate small growers of Rubber, Tea, Coffee and Tobacco all over the country for losses caused by price fluctuations. With the approval of CCEA, a Corpus Fund was set up in the year 2003 with Government of India's contribution of Rs. 432.88 crores and growers' contribution of Rs. 2.67 crores (Total Rs. 435.55 crores) to implement the scheme. Price Stabilization Fund Trust (PSFT) was set up in September, 2003 for a period of ten years by the Department of

Commerce and the NABARD to implement the Price Stabilization Fund Scheme and operate the Corpus Fund. As per the provisions of the scheme, interest earned on the Corpus was utilized for implementing the scheme, keeping the Corpus Fund undisturbed. The scheme was closed on 30.9.2013.

**(vi) India Brand Equity Foundation (IBEF)**

The India Brand Equity Foundation (IBEF) is a trust established by the Department of Commerce, Ministry of Commerce and Industry, Government of India. The IBEF's primary objective is to promote and to create international awareness of Brand India in overseas markets and to facilitate dissemination of knowledge about Indian products and services. Towards this objective, the IBEF works closely with stakeholders across government and industry.



**EMERGING GLOBAL  
ECONOMIC REALITIES  
AND INDIA**

## Chapter 2: Emerging Global Economic Realities and India

### **Global Economy:**

As per World Economic Outlook, IMF (October 2018), global growth is projected at 3.7 percent for the years 2018 and 2019 (0.2 percentage point lower for both years than forecast in April). According to IMF, global growth for 2018–19 is projected to remain steady at its 2017 level, but its pace is less vigorous than projected in April and it has become less balanced. Downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September, as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. Beyond the next couple of years, as output gaps close and monetary policy settings begin to normalize, growth in most advanced economies is expected to decline to potential rates well below the averages reached before the global financial crisis of a decade ago. Medium-term prospects remain generally strong in emerging Asia

but subpar in some emerging market and developing economies, especially for per capita growth, including in commodity exporters that continue to face substantial fiscal consolidation needs or are mired in war and conflict.

In the first half of 2018, aggregate growth in the emerging market and developing economy group stabilized. Emerging Asia continued to record robust growth, reinforced by a domestic demand-led pickup in the Indian economy from a four-year-low pace of expansion in 2017, even as activity in China moderated in the second quarter in response to regulatory tightening of the property sector and nonbank financial intermediation (IMF, 2018). Higher oil prices lifted growth among fuel-exporting economies in sub-Saharan Africa and the Middle East. The recovery in Latin America continued, though at a more subdued pace than anticipated as tighter financial conditions and a drought weighed on growth in Argentina and a nationwide truckers' strike disrupted production in Brazil.

Global financial markets have been driven mainly by rising policy rates in the US, volatile crude oil prices and expectations of a slowdown compared with earlier projections (RBI, 2018). As mentioned by RBI in its 5<sup>th</sup> bimonthly Monetary policy

statement, the equity markets in the US witnessed a selloff on the weakening outlook for corporate earnings caused by rising borrowing costs, while the European stock markets got affected by political uncertainties. The Japanese stock market also shed gains on global cues and the gradual strengthening of the yen. The economic situation in euro area was affected by concerns regarding Brexit and economic situation in Italy.

### **Global Trade Situation:**

As per World Trade Organization (WTO), world merchandise trade volume is forecast to grow 3.9% in 2018, accompanied by global GDP growth of 3.1% at market exchange rates. Trade volume growth is further projected to slow down to 3.7% in 2019 as global GDP growth dips to 2.9%. Rising trade tensions pose the biggest risk to the forecast, but monetary policy tightening and associated financial volatility could also destabilize trade and output. Trade-related indicators show a loss of momentum, including global export orders and economic policy uncertainty. North America had the fastest export growth and Asia had the strongest import growth in the first half of 2018 while resource-based economies still struggled.

As per the current rankings, India is the 20th largest exporter (with a share of 1.7%) and 11th largest importer (with a share of 2.5%) of merchandise trade in the world. China is the top ranked exporter and United States of America (USA) is the first largest importer of merchandise trade in the world. In Commercial Services India is the 9th largest exporter (with a share of 3.4%) and 10th largest importer (with a share of 3.0%). USA is the top exporter as well as the top importer of commercial services trade in the world.

### **India's Economic and Trade Situation:**

As per first Advance estimates by CSO, the growth in GDP during 2018-19 is estimated at 7.2 percent as compared to the growth rate of 6.7 per cent in 2017- 18. As per IMF, Indian economy is projected to grow at the rate of 7.3% and 7.4% in 2018 and 2019 respectively.

The sectors which registered growth rate of over 7.0 percent are, 'Electricity, Gas, Water Supply and Other Utility Services', 'Construction', 'Manufacturing', 'Public Administration, Defence and Other Services'. The growth in the 'Trade, Hotels, Transport, Communication and Services related to Broadcasting', 'Financial, Real Estate and Professional Services', 'Agriculture, Forestry and Fishing' and

‘Mining and Quarrying’, is estimated to be 6.9 per cent, 6.8 per cent, 3.8percent and 0.8 percent respectively.

India’s Merchandise Trade: Cumulative value of exports for the period April-December 2018-19 was US \$ 245.44 Billion as against US \$ 222.77 Billion during the period April-December 2017-18, registering a positive growth of 10.18 per cent in Dollar terms. Cumulative value of imports for the period April-December 2018-19 was US \$ 386.65 Billion, as against US \$ 343.34 Billion during the period April-December 2017-18, registering a positive growth of 12.61 per cent in Dollar terms. Cumulative value of Trade deficit for the period Apr-Dec 2018-19 (P) is US \$ 141.20 billion as against US \$ 120.57 billion during Apr-Dec 2017-18.

## **Recent Global Economic Issues and India**

### ***A) Ease of Doing Business:***

As per the Doing Business 2019, World Bank, India ranks at 77<sup>th</sup> (an improvement of 23 places from 100<sup>th</sup> in 2017) among the 190 countries in the year 2018. For the same year, New Zealand tops the list of 190 countries in ease of doing business, followed by Singapore, Denmark, and Hong Kong. The United States ranks 8<sup>th</sup> and China is at 46<sup>th</sup>, and Pakistan is placed at 136. India’s improvement in the ranking is due to the

better performance in the six indicators — starting a business, construction permits, getting electricity, getting credit, trade across borders, enforcing contracts — out of ten indicators that are used to define the ranking in the Doing Business Report. According to World Bank’s assessment, India is among the top ten economies whose improvement in the ranking of ease of starting and doing business has been stable of late.

As per Doing Business 2019, some initiatives towards India has focused on streamlining business processes. There are several initiatives under National Trade Facilitation Action Plan 2017-2020 that improved the efficiency of cross-border trade, reducing border and documentary compliance time for both exports and imports. India also invested in port equipment, strengthened management and improved electronic document flow. By implementing the Single Window Clearance System in Delhi and the Online Building Permit Approval System in Mumbai during the second half of 2017, India also continued to streamline and centralize its construction permitting process. Regarding getting electricity, newly-adopted regulations from the Delhi Electricity Regulatory Commission require that electrical connections be completed within 15 days of

the application's acceptance. To comply with this regulation, Tata Power Delhi Distribution deployed more personnel as well as tracking tools and key performance indicators to monitor each commercial connection.

***B) Oil Price Scenario:***

Among emerging market and developing economies, the growth prospects of many energy exporters have been lifted by higher oil prices, but growth was revised down for Argentina, Brazil, Iran, and Turkey, among others, reflecting country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills (WEO, October, 2018).

International crude oil prices have declined sharply since the last policy; the price of Indian crude basket collapsed to below US\$ 60 a barrel by end-November, 2018 after touching US\$ 85 a barrel in early October, 2018. The sharp decline in crude oil prices

reflects higher supplies and easing of geopolitical tensions. The decline in crude oil prices is expected to boost India's growth prospects by improving corporate earnings and raising private consumption through higher disposable incomes. The Monetary Policy Committee (MPC) noted that the benign outlook for headline inflation is driven mainly by the unexpected softening of food inflation and collapse in oil prices in a relatively short period of time. The MPC also noted that even as escalating trade tensions, tightening of global financial conditions and slowing down of global demand pose some downside risks to the domestic economy, the decline in oil prices in recent weeks, if sustained, will provide tailwinds (Fifth Bi-monthly MPC, 5<sup>th</sup> Dec, 2018 RBI).



# TRENDS IN INDIA'S FOREIGN TRADE

## Chapter 3: Trends in India's Foreign Trade

### **India's Trade Performance**

India's merchandise exports reached a level of US\$ 303.53 billion during April-March 2017-18, registering a positive growth of 10.03 percent over previous year. Despite the setback faced by India's export sector due to global slowdown, merchandise exports recorded a Compound Annual Growth Rate (CAGR) of 5.64 percent from April-March 2008-09 to April-March 2017-18.

After 2013-14 the global slowdown accentuated and even economies like China

got impacted, India's Merchandise exports fell in 2014-15 and 2015-16 to 1.29% and 15.48%, respectively. **However, through concerted efforts related to facilitation and support, including improved logistics, digitization, skilling etc., the government was able to arrest the downturn affecting India, and merchandise exports saw a rising trend in the post 2015-16 period, which saw merchandise export growth of 5.17% and 10.03% in 2016-17 and 2017-18, respectively in the face of an adverse global scenario. In the period April to December (QE) 2018-19 exports continue to grow, and increased by 10.18%.**



*Data Source: DGCIS, Kolkata*

### **World Trade Scenario**

In latest forecast made by IMF, in its World Economic Outlook (WEO) Update, October, 2018, India's growth is expected to increase to 7.3 percent in 2018

and 7.4 percent in 2019. The world output growth is projected at 3.7 per cent for both 2017 and 2018. While the advanced economies are expected to grow at 2.4 percent and 2.1 per cent in 2018 and 2019 respectively, growth of emerging and

developing economies is projected at 4.7 per cent for both 2018 and 2019.

The growth in world trade volume has increased in 2017 to 5.2 per cent from 2.2 per cent in 2016; it is expected to decrease to 4.2 per cent in 2018 and to 4.0 per cent in 2019.

As per the April 2018 Press Release of WTO April 2018, in merchandise trade, India is the 20<sup>th</sup> largest exporter in the world with a share of 1.70 per cent and the 11<sup>th</sup> largest importer with a share of 2.50 per cent in 2017.

## **Exports**

Cumulative value of exports for the period April-December 2018-19 (QE) was US \$ 245.44 billion as against US \$ 222.77 billion, registering a positive growth of 10.18 per cent over the same period last year.

## **Import**

Cumulative value of imports for the year April-March 2017-18 is US \$ 465.58 billion as against US \$ 384.36 billion during the corresponding period of the previous year registering a positive growth of 21.13 per cent. Cumulative value of imports for the period April-December 2018-19(QE) was US \$ 386.65 billion as against US \$ 343.34 billion over the same period last year, registering a positive growth of 12.61 per cent.

Oil imports were valued at US \$ 80.00 billion during Apr-Nov 2018-19 (P) which was 52.15 per cent higher than oil import

valued at US \$ 52.58 billion in the corresponding period of previous year. Non-oil imports were valued at US \$ 268.79 billion during Apr-Nov 2018-19 (P) which was 8.07 per cent higher than non-oil import of US \$ 248.73 billion in previous year.

## **Trade Balance**

The Trade deficit in April-March 2017-18 is estimated at US \$ 162.06 billion which was higher than the deficit of US \$ 108.51 billion during April-March 2016-17. Cumulative value of trade deficit for the period April-December 2018-19 (QE) was US \$ 141.20 billion as against US \$ 120.57 billion during April-December 2017-18.

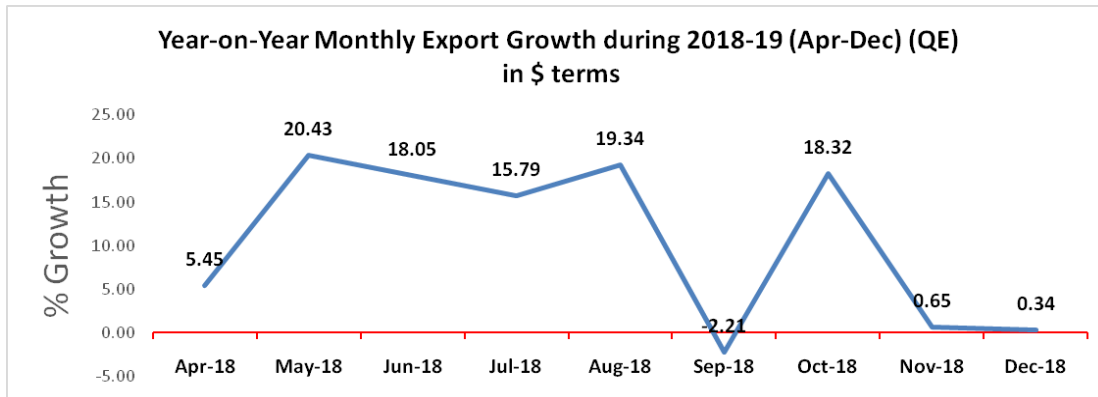


<b>Table A: Trade Data for period 2008-09 to 2018-19 (P)</b>						
<b>(Values in Rs Crore)</b>						
<b>S. No</b>	<b>Year</b>	<b>Exports</b>	<b>%Growth</b>	<b>Imports</b>	<b>%Growth</b>	<b>Trade Balance</b>
1	2008-2009	840,755	28.19	1,374,436	35.77	-533,680
2	2009-2010	845,534	0.57	1,363,736	-0.78	-518,202
3	2010-2011	1,136,964	34.47	1,683,467	23.45	-546,503
4	2011-2012	1,465,959	28.94	2,345,463	39.32	-879,504
5	2012-2013	1,634,318	11.48	2,669,162	13.8	-1,034,844
6	2013-2014	1,905,011	16.56	2,715,434	1.73	-810,423
7	2014-2015	1,896,348	-0.45	2,737,087	0.8	-840,738
8	2015-2016	1,716,384	-9.49	2,490,306	-9.02	-773,921
9	2016-2017	1,849,434	7.75	2,577,675	3.51	-728,242
10	2017-2018	1,956,515	5.79	3,001,033	16.42	-1,044,519
April-December 2017-18		1,436,614		2,214,371		-777,757
April-December 2018-19 (QE)		1,711,906	19.16	2,697,307	21.81	-985,401

Source: DGCI&S

<b>Table B: Trade Data for period 2008-09 to 2018-19 (P)</b>						
<b>(Values in USD Million)</b>						
<b>S.No</b>	<b>Year</b>	<b>Exports</b>	<b>%Growth</b>	<b>Imports</b>	<b>%Growth</b>	<b>Trade Balance</b>
1	2008-2009	185295	13.59	303696	20.68	-118401
2	2009-2010	178751	-3.53	288373	-5.05	-109621
3	2010-2011	249816	39.76	369769	28.23	-119954
4	2011-2012	305964	22.48	489319	32.33	-183356
5	2012-2013	300401	-1.82	490737	0.29	-190336
6	2013-2014	314405	4.66	450200	-8.26	-135794
7	2014-2015	310338	-1.29	448033	-0.48	-137695
8	2015-2016	262291	-15.48	381008	-14.96	-118717
9	2016-2017	275852	5.17	384357	0.88	-108505
10	2017-2018	303526	10.03	465581	21.13	-162055
April-December 2017-18		222,767		343,339		-120,572
April-December 2018-19 (QE)		245,444	10.18	386,648	12.61	-141,203

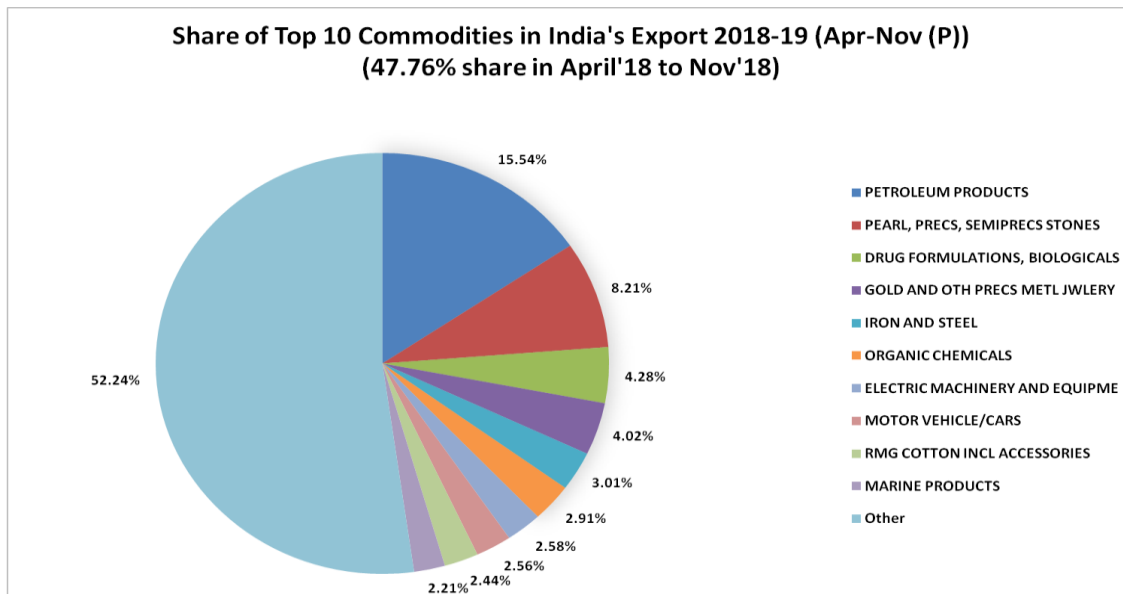
Source: DGCI&S



Data Source: DGCIS, Kolkata

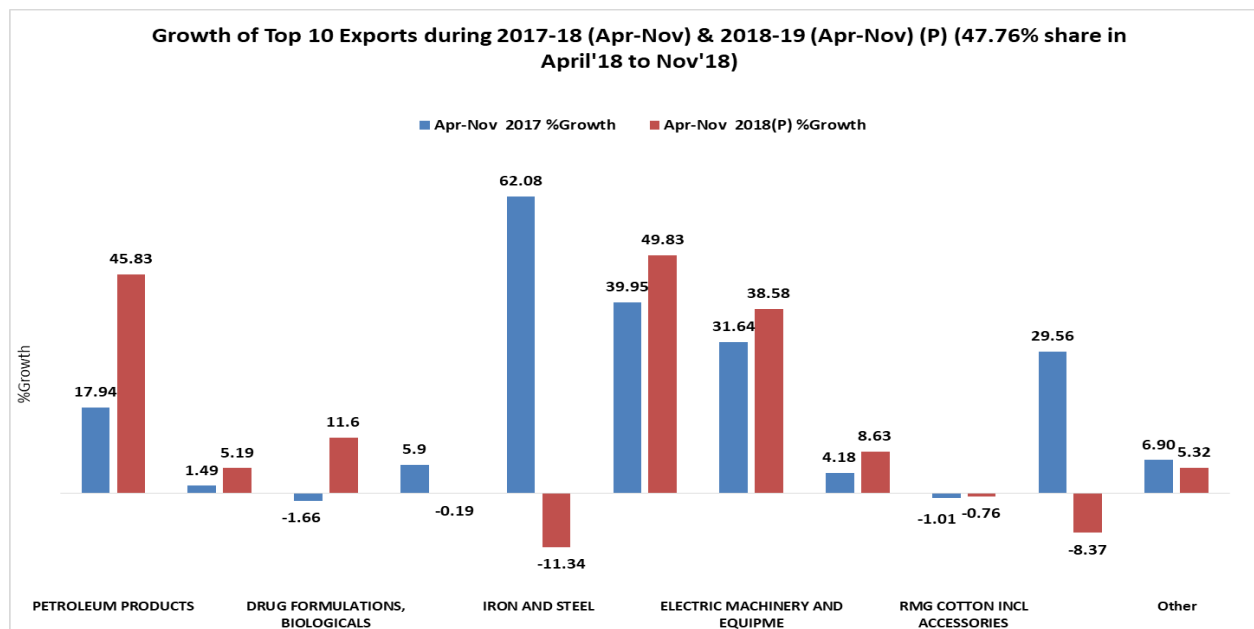
### Exports by Principal Commodities:

Exports of the top 10 commodities during the period Apr-Nov 2018-19 (P) have a share of 47.76 per cent and the detailed contributions given in the pie chart below.



Data Source: DGCIS, Kolkata

The export performance (in terms of growth) of top 10 commodities during Apr-Nov 2018-19 (P) vis-a-vis the corresponding period of the previous year is shown below

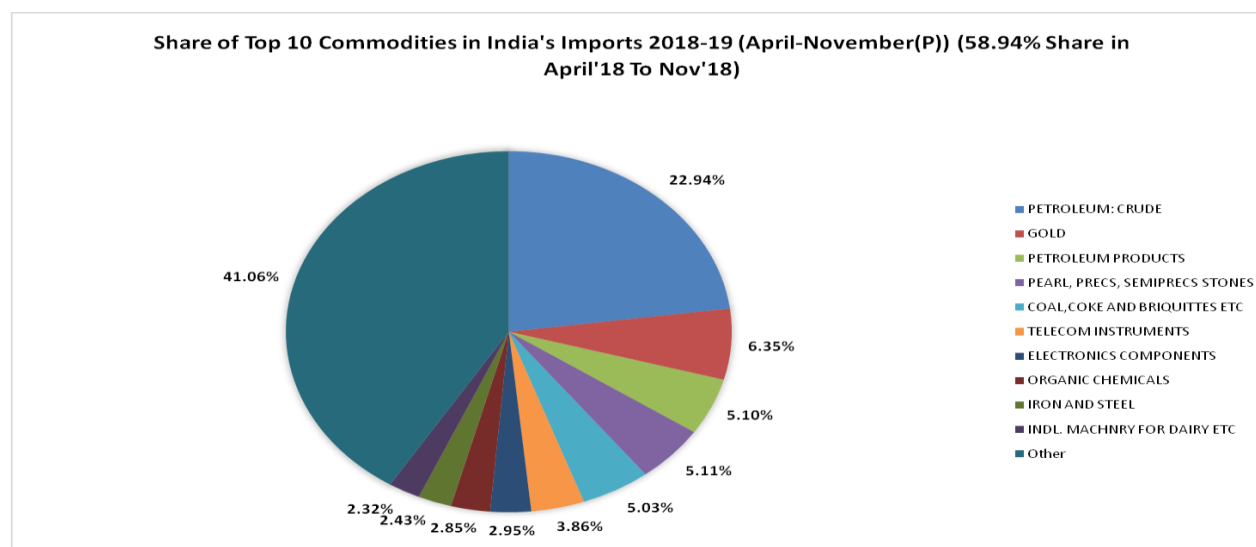


Data Source: DGCIS, Kolkata

### Imports of Principal commodities

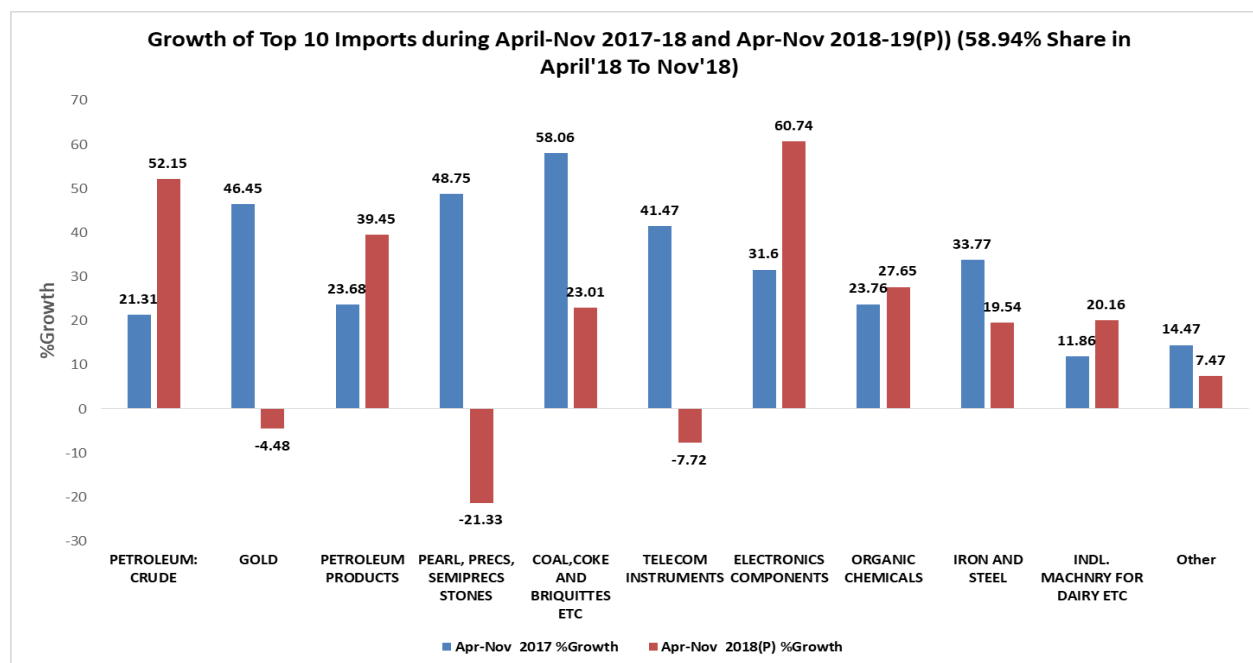
Imports of the top 10 Principal commodities during the period Apr-Nov 2018(P) have share of 58.94% mainly due to significant imports of Petroleum Crude, Gold, Petroleum Products. Pearl, Precious, Semi-precious Stones and Coal, Coke and Briquettes etc.

The share of top 10 Principal commodities in India's total imports during Apr-Nov 2018(P) is given in the pie chart below.



Data Source: DGCIS, Kolkata

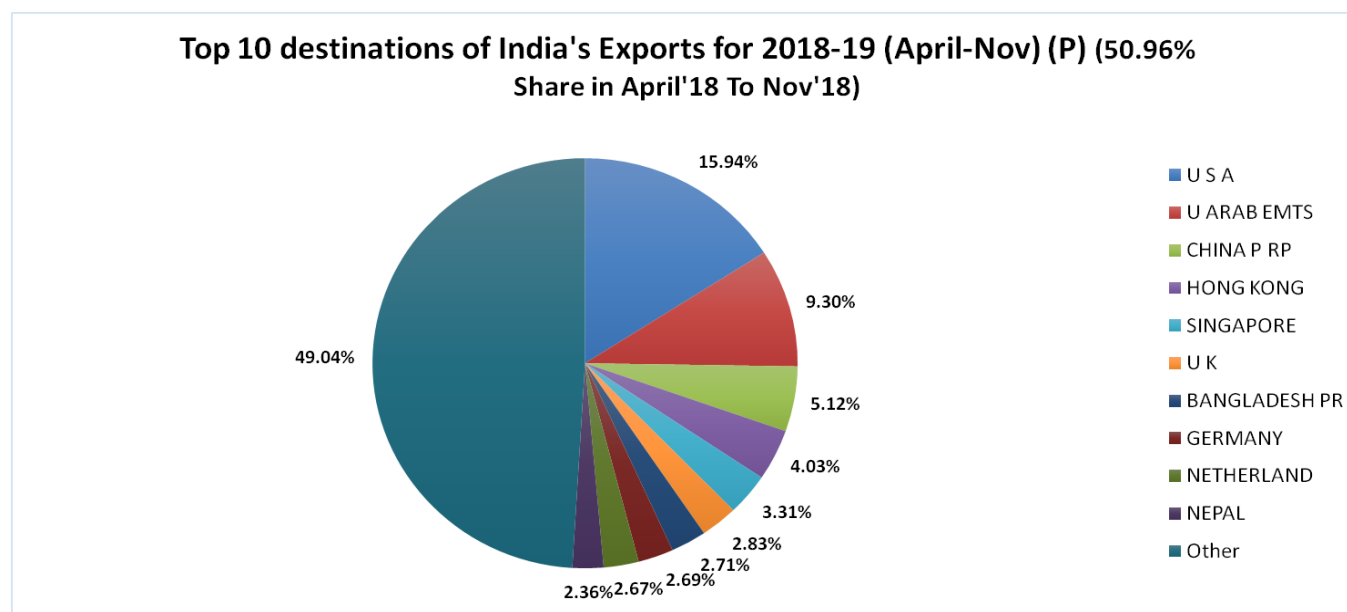
The import performance by growth of top 10 principal commodities during 2017-18 (April-Nov) Vis-à-vis the corresponding period of the previous year is shown below.



Data Source: DGCIS, Kolkata

### Direction of India's Foreign Trade

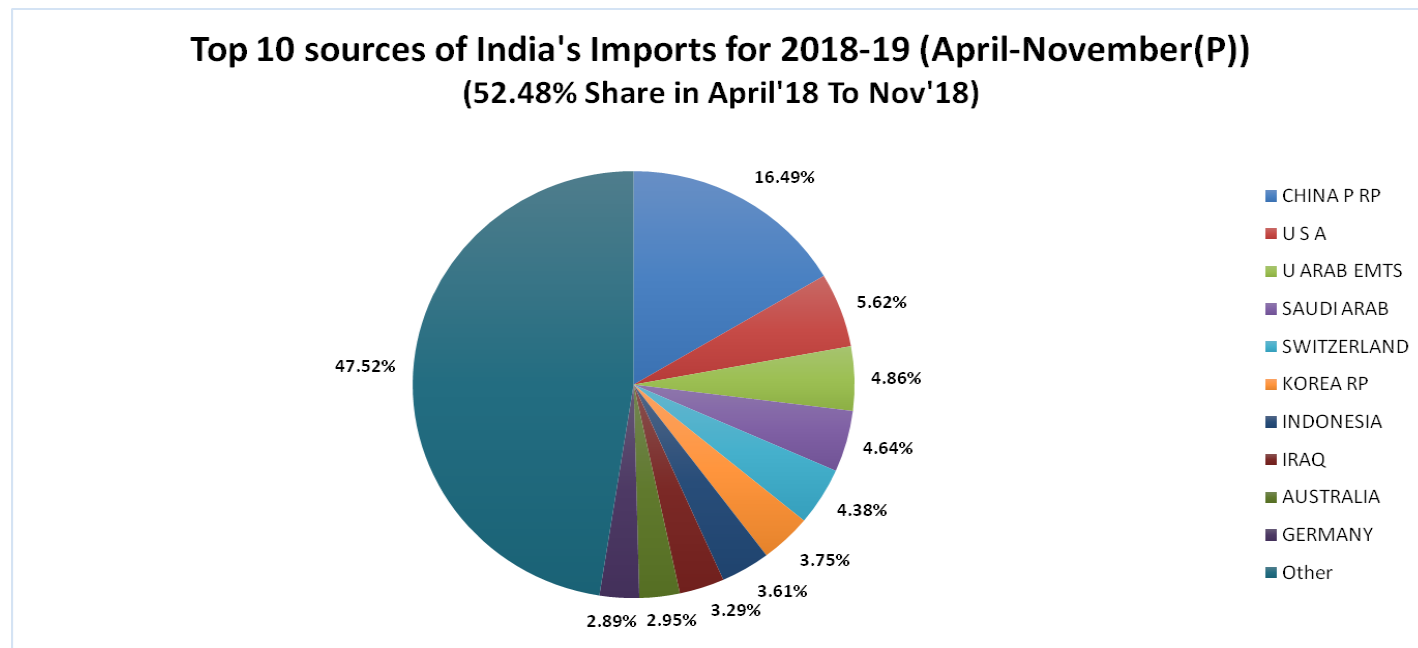
Share of major destinations of India's Export and sources of Import during **Apr-Nov 2018-19 (P)** are given in the pie charts below



Data Source: DGCIS, Kolkata

In the context of exports, during the period Apr-November 2018 (P), USA (15.94%) has been the most important country of export destination followed by UAE (9.30%), China P RP (5.12%), Hong Kong (4.03%) and Singapore (3.31%).

In the context of imports, during the period Apr-November 2018 (P), share of China P RP stood highest at (16.49%) followed by USA (5.62%), UAE (4.86%), Saudi Arabia (4.64%), and Switzerland (4.38%).



Data Source: DGCIS, Kolkata



**FOREIGN  
TRADE POLICY AND  
EXIM TRADE**

## **Chapter 4: Foreign Trade Policy and EXIM Trade**

### **I. Introduction**

The Five-year Foreign Trade Policy (FTP) 2015-20 released on 01.04.2015 provides a framework for increasing exports of goods and services. With the release of the Foreign Trade Policy (FTP) 2015-20, FTP.

Statement, Handbook of procedures, Appendix and Aayat-Niryat forms were also released on 01.04.2015. Handbook of procedures notifies the procedure to be followed by an exporter or importer or by the licensing/Regional Authority or by any authority for purpose of implementing the provisions of Foreign Trade (Development and Regulation) Act, Rules and Orders issued under the provisions of Foreign Trade Policy. The procedure contains the following documents: -

- (a) Hand Book of Procedures.
- (b) Appendices & Aayat Niryat Forms and
- (c) Standard Input Output Norms (SION)

The FTP for 2015-2020 seeks to provide a stable and sustainable policy environment for foreign trade in merchandise and services; link rules, procedures and incentives for exports and imports with other initiatives such as “Make in India”, “Digital India”, “Skills India” and “ease of doing business” to promote the diversification of India’s export basket by helping various sectors of the Indian economy to gain global competitiveness. The Foreign Trade Policy

through its various schemes serves the objective of neutralization of duty incidence, encourage technological up gradation and provides promotional measures to boost India’s exports with the objective to offset infrastructural inefficiencies and associated costs involved in order to provide exporters a level playing field.

The FTP has been suitably modified to incorporate the relevant GST provisions.

### **II. Foreign Trade Policy 2015-20**

#### **Foreign Trade Policy Statement**

The Foreign Trade Policy Statement explains the vision, goals and objectives underpinning the Foreign Trade Policy for the period 2015-2020. It describes the market and product strategy envisaged and the measures required not just for export promotion but also for the enhancement of the entire trade ecosystem.

It is the first comprehensive statement on the government priorities in the Foreign Trade Sector. For improving foreign trade performance it is necessary to develop a broader frame work that provided the scope for coordinating with a number of administrative ministries. Through the FTP statement the overall thinking on external sector have been articulated, first its spells out the government strategy for addressing some of the structural and institutional institutes which are the relevance for improving the performance of Foreign Trade Sector. Secondly, it states the ways in which the government would make trade and economic integration agreement with trade partners and would work better for Indian enterprises. Foreign Trade Policy has

taken 'whole of government's approach'. Through FTP the government has taken a major 'path breaking' initiative that the department has taken to main stream States, Union Territories and various departments of government of India in the process of international trade.

The FTP introduces two new schemes, namely "Merchandise Exports from India Scheme (MEIS)" for export of specified goods to specified markets and "Service Exports from India Scheme (SEIS)" for increasing exports of notified services.

### **Merchandise Exports from India Scheme (MEIS)**

The Merchandise Exports from India Scheme (MEIS) has been introduced in the Foreign Trade Policy (FTP) 2015-20 on April 1, 2015 with the objective to offset infrastructural inefficiencies and associated costs involved in exporting goods/ products which are produced/ manufactured in India. The Scheme incentivizes exporters in terms of Duty Credit Scrips at the rate 2, 3, 4, 5 and 7, 10 and 20% of FOB value of exports realized. These scrips are transferable and can be used to pay certain Central Duties/taxes including customs duties. The Scheme covers exports of 8057 tariff lines. The total annual financial envelope available for MEIS for Financial Year 2018-19 is Rs 30,819.91 cr. The total amount of benefits granted in 2018-19 (upto 26.11.2018) was about Rs 24,901 cr.

### **Initiatives taken for "Ease of Doing Business" under MEIS**

- The online e com module to grant MEIS benefit without any manual

intervention under a system authenticated mechanism for most HS Codes of the MEIS schedule was launched and has been running successfully since Sept 2018. Further, a facility has been incorporated in the module, so that the authorization can be tracked by the exporter.

- A new Risk Management System has been developed to scrutinize cases under MEIS based on HS Codes rather than random selection and is under implementation by the field offices of DGFT.
- MEIS benefits to some agricultural products such as Bengal Gram, Milk and Milk Products, Soya de-oiled cake and Non-Basmati rice have been provided for a limited period in year 2018-19 to boost the agriculture sector.

### **Services Exports from India Scheme (SEIS)**

Under the SEIS, there are rewards on Net foreign exchange earnings, to service providers of notified services who are providing service from India to the rest of the World, in the form of Duty Credit scrips which are transferable and can be used to pay certain Central Duties/taxes including customs duties. In the Mid-term review of the FTP, the rates for all these services have been further increased by 2% for exports from 01.11.2017, leading to additional annual incentive of Rs 1,140 crore. The total financial envelope for SEIS is Rs 2,640 Cr in 2017-18.

A new application form for exporters to apply under SEIS scheme was notified vide Public Notice 15 dated 28.06.2018, which does away with unnecessary fields. The online module for SEIS based on the new form has also been launched, with a facility

to upload all documents required under the ANF 3B.

The following table shows the details of issuance of scrips under MEIS and SEIS along with value of scrips and FOB value of exports during 2017-18 and Apr-Nov 2018:

Export Promotion Schemes		2017-18	Apr-Nov 2018
<b>Merchandise Exports from India Scheme (MEIS)</b>	Number of Scrips	2,18,402	1,98,344
	Value of Scrips (Rs. Crore)	25,994.22	25,350.90
	FOB value of Exports (Rs. Crore)	9,78,286.29	8,22,056.99
<b>Service Exports from India Scheme (SEIS)</b>	Number of Scrips	5,569	3,799
	Value of Scrips (Rs. Crore)	3,475.05	2,338.52
	FOB value of Exports (Rs. Crore)	15,87,378.86	5,76,145.31

### III. Other Export Promotion Schemes under earlier Foreign Trade Policies

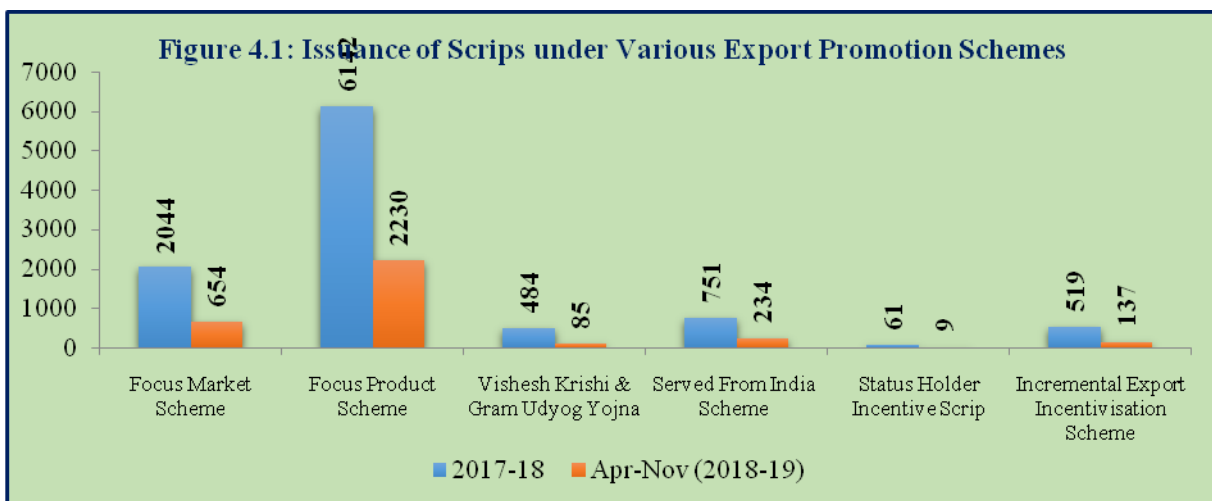
Scrips are also issued under various schemes viz. (i) Focus Product Scheme (FPS), (ii) Focus Market Scheme (FMS), (iii) Vishesh Krishi and Gram Udyog Yojna (VKGUY),

(iv) Incremental Export Incentive Scheme, (v) Served From India Scheme and (vi) Status Holder Incentive Scrip (SHIS). The details of issuance of scrips under various export promotion schemes along with value of scrips and FOB value of exports during 2017-18 and Apr-Nov 2018 is given in the following table:

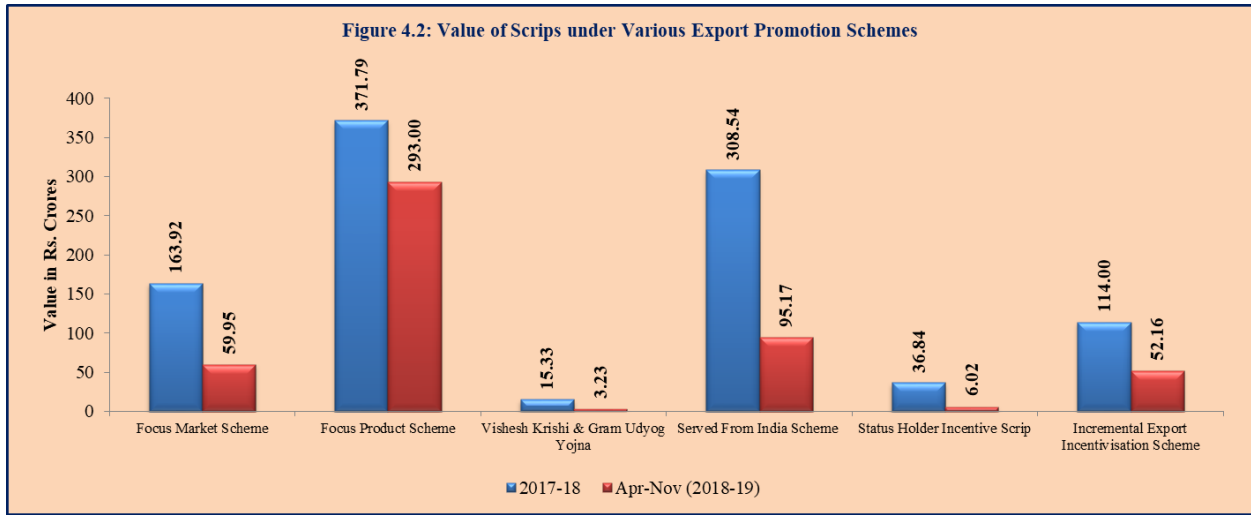
Export Promotion Schemes		2017-18	Apr-Nov 2018
<b>Focus Market Scheme (FMS)</b>	Number of Scrips	2,044	654
	Value of Scrips (Rs. Crore)	163.92	59.95
	FOB value of Exports (Rs. Crore)	4,951.61	1,786.70
<b>Focus Product Scheme (FPS)</b>	Number of Scrips	6,142	2,230
	Value of Scrips (Rs. Crore)	371.79	293.00
	FOB value of Exports (Rs. Crore)	15,985.10	14,565.38

	Crore)		
<b>Vishesh Krishi &amp; Gram Udyog Yojna (VKGUY)</b>	Number of Scrips	484	85
	Value of Scrips (Rs. Crore)	15.33	3.23
	FOB value of Exports (Rs. Crore)	331.04	73.13
<b>Served From India Scheme (SFIS)</b>	Number of Scrips	751	234
	Value of Scrips (Rs. Crore)	308.54	95.17
<b>Status Holder Incentive Scrip (SHIS)</b>	Number of Scrips	61	9
	Value of Scrips (Rs. Crore)	36.84	6.02
<b>Incremental Export Incentivisation Scheme (IEIS)</b>	Number of Scrips	519	137
	Value of Scrips (Rs. Crore)	114.00	52.16

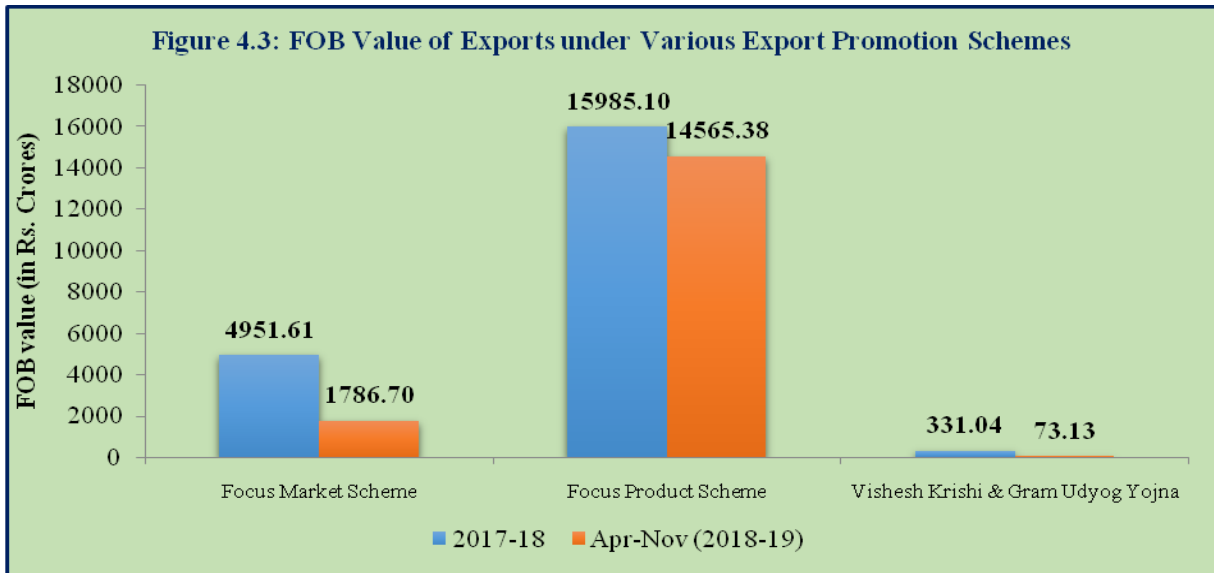
**Figure 4.1 depicts the number of scrips issued under various export promotion schemes during 2017-18 and Apr-Nov 2018.**



**Figure 4.2 depicts the value of scrips issued under various export promotion schemes during 2017-18 and Apr-Nov 2018.**



**Figure 4.3 depicts the FOB value of export under various export promotion schemes during 2017-18 and Apr-Nov 2018.**



#### **IV. DUTY REMISSION SCHEMES**

Duty neutralization / remission schemes are based on the principle and the commitment of the Government that “Goods and Services are to be exported and not the Taxes and Levies”. Purpose is to allow duty free import / procurement of inputs or to allow

replenishment either for the inputs used or the duty component on inputs used. Brief of these schemes are given below:

##### **Advance Authorization Scheme**

Advance Authorization Scheme allows duty free import of inputs, along with fuel, oil,

and catalyst etc., required for manufacturing the export product. Inputs are allowed either as per Standard Input Output Norms (SION) or on adhoc Norms basis under Actual User condition. Norms are fixed by Technical Committee i.e. Norms Committee. This facility is available for physical exports (also including supplies to SEZ units & SEZ Developers) and deemed exports including intermediate supplies. Minimum value addition prescribed is 15% except for certain items. Exporter has to fulfill the export obligation over a specified time period, both quantity and value wise. The facilities to club authorizations were simplified and powers decentralized to RAs. Certain items which are prohibited for export have been allowed for export under advance authorization scheme, subject to stipulated conditions.

In FTP 2015-2020, (i) a longer export obligation (EO) period of 24 months has been provided for export items falling in the category of defense, military store, aerospace and nuclear energy instead of the normal 18 months under the advance authorization scheme. A list of military stores requiring NOC of Department of Defence Production has been separately notified. (ii) Imports against Advance Authorisation shall also be eligible for exemption from Transitional product Specific Safeguard Duty. One time relaxation is provided for Clubbing of advance Authorizations issued during foreign trade policy 2002-07 and foreign trade policy 2004-09. One time relaxation is also provided for extension of export obligation period of Advance authorizations issued under Foreign Trade Policy 2002-07, Foreign Trade Policy 2004-2009 and

Advance Authorizations issued prior to 5.6.2012 under foreign trade Policy 2009-14. Request for extension of Export obligation period was required to be filed in respective RAs, on or before 31.3.2018.

In compliance of Self Ratification Scheme provided in Para 4.07A of [FTP 2015-20](#), a detailed procedure for availing the Scheme has been added in HBP 2015-2018 as Para 4.07A Ratification Scheme. Advance Authorization for Annual Requirement can also be issued where Ad hoc norms exist for the resultant product. One time relaxation in conditions of Appendix -30A and Appendix-4J for regularization and issue of EODC for exports made prior to imports where Advance Authorisation issued for import of Natural Rubber and Silk has been granted.

#### **Duty Free Import Authorization (DFIA)**

Under DFIA Scheme operational from 01.05.2006, Duty Free Import Authorization shall be issued on post export basis for products for which Standard Input Output Norms (SION) have been notified, once export is completed. One of the objectives of the scheme is to facilitate transfer of the authorization or the inputs imported as per SION, after exports are completed. Provisions of DFIA Scheme are similar to Advance Authorization scheme. A minimum value addition of 20% is required under the scheme. For items where higher value addition has been prescribed under Advance Authorization in Appendix, the same value addition shall be applicable for DFIA also. Pre-export DFIA has been discontinued in [FTP 2015-2020](#).

Export of white sugar under DFIA has been allowed under SION-E 52 till 30.09.2018 and DFIA in such cases shall be issued only on or after 01.10.2019. Such DFIA's shall be valid for imports till 30.09.2021.

- Replenishment Authorisation for Gems
- Replenishment Authorisation for Consumables
- Advance Authorisation for Precious metals

### Schemes for Gems & Jewellery Sector

Gems & Jewellery exports constitute a major portion of our total merchandise exports. It is an employment oriented sector. Exports from this sector suffered significantly on account of the global economic slowdown.

Duty free import / procurement of precious metal (Gold / Silver / Platinum) from the nominated agencies is allowed either in advance or as replenishment. Duty Free Import Authorisation Scheme shall not be available for Gems and Jewellery Sector. The Schemes for Gems and Jewellery Sector are as follows:

- Advance Procurement/replenishment of Precious Metals from Nominated Agencies

In view of demand raised by the industry, the Findings like posts, push backs, locks which help in collating the jewellery pieces together, containing gold of 3 carats and above up to a maximum limit of 22 carats have also been allowed under duty exemption scheme.

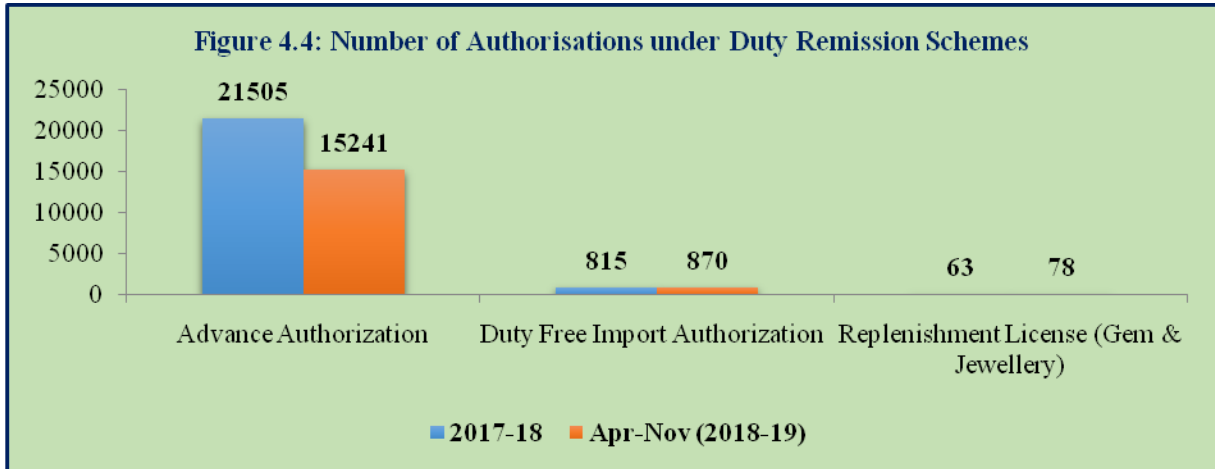
### Issuance of Authorization under Duty Remission Schemes

Authorizations are issued under the various schemes, viz., Advance Authorization, Duty Free Import Authorization (DFIA) and Replenishment License (Gems & Jewellery). Details of number of authorizations issued, CIF value of imports and FOB value of exports under various schemes during 2017-18 and April-Nov 2018 are given in the following table:

Duty Remission Schemes		2017-18	April-Nov 2018
Advance Authorization	Number of Authorization	21,505	15,241
	CIF Value of Imports (Rs.Crore)	1,79,242.63	1,29,269.06
	FOB Value of Exports (Rs.Crore)	3,00,914.89	2,55,052.64
Duty Free Import Authorization (DFIA)	Number of Authorization	815	870
	CIF Value of Imports (Rs.Crore)	2,246.90	2,551.22
	FOB Value of Exports (Rs.Crore)	3,047.40	4,247.98
Replenishment	Number of Authorization	63	78

License (Gem & Jewellery)	CIF Value of Imports (Rs.Crore)	59.22	58.15
	FOB Value of Exports (Rs.Crore)	667.68	960.02

**Figure 4.4 depicts the number of authorizations issued under various export promotion schemes during 2017-18 and Apr-Nov 2018.**



**Figure 4.5 depicts the CIF value of import under various export promotion schemes during 2017-18 and Apr-Nov 2018.**

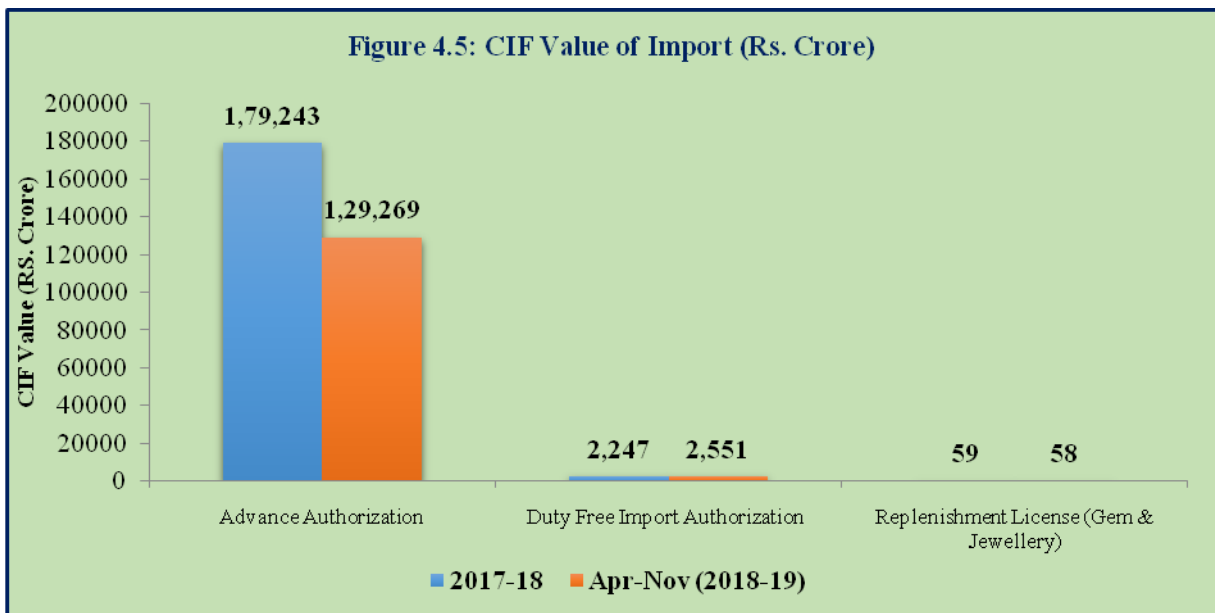


Figure 4.6 depicts the FOB value of export under various export promotion schemes during 2017-18 and Apr-Nov 2017.

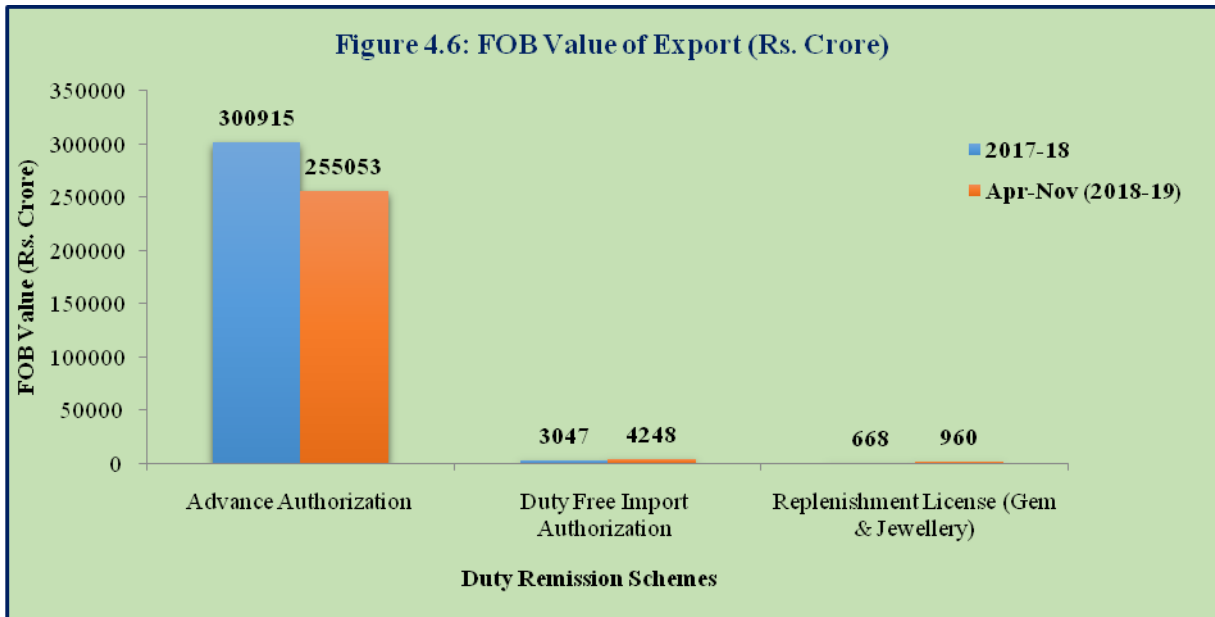
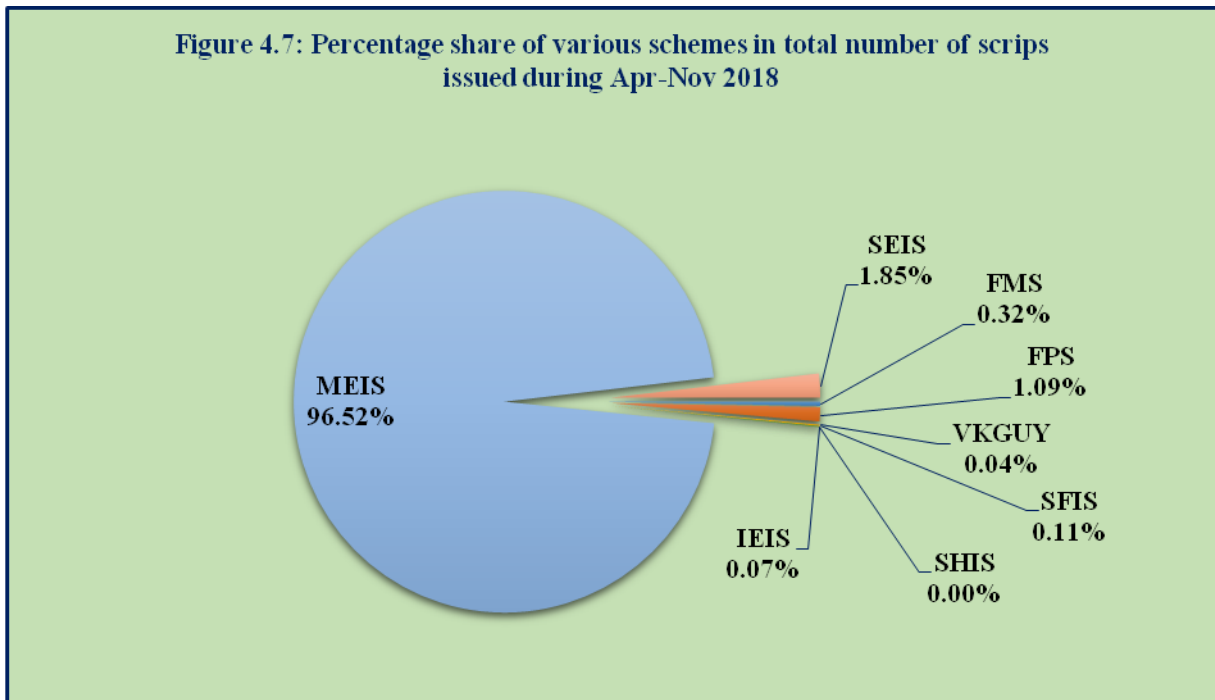


Figure 4.7 depicts the percentage share of various schemes in issuance of total number of scrips during Apr-Nov 2018. It shows that the highest share of 96.52% scrips was issued under MEIS during Apr-Nov 2018.



## **V.Export Promotion of Capital Goods (EPCG) Scheme**

*The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services to enhance India's export competitiveness. The EPCG Scheme allows import under of capital goods at Zero customs duty subject to an export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorization:*

- (a) EPCG Scheme allows import of capital goods for pre-production, production and post-production at zero customs duty. Capital goods imported under EPCG Authorization for physical exports are also exempt from IGST and Compensation Cess upto 31.3.2019 only, leviable there on under the subsection(7) and subsection(9) respectively, of section 3 of the Customs Tariff Act, 1975 (51 of 1975), as provided in the notification issued by Department of Revenue. Alternatively, the Authorization holder may also procure Capital Goods from indigenous sources in accordance with provisions of paragraph 5.07 of FTP
- (b) *Import of capital goods for Project Imports notified by Central Board of Excise and Customs is also permitted under EPCG Scheme.*
- (c) *Authorisation is valid for import for 24 months from the date of issue of Authorisation. Revalidation of EPCG Authorisation shall not be permitted.*
- (d) *Second hand capital goods are not permitted to be imported under EPCG Scheme.*
- (e) *List of capital goods not permitted/ permitted for import, subject to specific conditions, under the EPCG Scheme has been notified vide Public Notice No.47/2015-20 dated 06.12.2018.*
- (f) *The scheme also requires maintenance of average level of exports achieved by the exporter in the preceding three licensing years for the same and similar products within the overall export obligation period including extended period, except for certain specified sectors/ products as listed under para 5.13 of Handbook of Procedures.*
- (g) *The scope of the EPCG scheme is also extended to a service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT, Department of Commerce or State Industrial Infrastructural Corporation in a Town of Export Excellence subject to provisions of Foreign Trade Policy/Handbook of Procedures with the following conditions:-*
- (i) *Export by users of the common service, to be counted towards fulfilment of EO of the CSP shall contain the EPCG authorisation details of the CSP in the respective Shipping bills and concerned RA must be informed about the details of the Users prior to such export;*

- (ii) *Such export will not count towards fulfilment of specific export obligations in respect of other EPCG authorisations (of the CSP/User); and*
  - (iii) *Authorisation holder shall be required to submit Bank Guarantee (BG) which shall be equivalent to the duty saved. BG can be given by CSP or by any one of the users or a combination thereof, at the option of the CSP*
  - (iv) *Guidelines for designating /certifying a Common Service Provider (CSP) by DGFT, Department of commerce or State Industrial Infrastructure Corporation in a town of Export Excellence under Para 5.02 (b) FTP 2015-2020.*
- (h) *A person holding an EPCG authorisation may source capital goods from a domestic manufacturer. Such domestic manufacturer shall be eligible for deemed export benefit under paragraph 7.03 of FTP and as may be provided under GST Rules under the category of Deemed Exports. Such domestic sourcing shall also be permitted from EOUs and these supplies shall be counted for purpose of fulfillment of positive NFE by said EOU as provided in Para 6.09 (a) of FTP.*
- (i) *Authorization holder shall produce, within six months from date of completion of import, to the concerned RA, a certificate from the jurisdictional Customs authority or an independent Chartered Engineer, at the option of the authorisation holder, confirming installation of capital goods at factory/premises of authorization holder or his supporting manufacturer(s). The RA may allow one time extension of the said period for producing the certificate by a maximum period of 12 months with a composition fee of Rs.5000/-. Where the authorisation holder opts for independent Chartered Engineer's certificate, he shall send a copy of the certificate to the jurisdictional Customs Authority for intimation/record. The authorization holder shall be permitted to shift capital goods during the entire export obligation period to other units mentioned in the IEC and RCMC of the authorization holder subject to production of fresh installation certificate to the RA concerned within six months of the shifting."*
- (j) *In the case of import of spares, the installation certificate shall be submitted by the Authorization holder within a period of three years from the date of import.*
- (k) *EPCG Authorisation is issued with a single port of registration as per paragraph 4.37 of HBP, for imports. However, exports can be made from any port specified in paragraph 4.37 of HBP.*

(l) *Specific EO in respect of export of Green Technology Products is 75% of the normal EO as mentioned in the Para 5.10 of FTP. The list of Green Technology products is given in Para 5.29 of HBP 2015-20.*

(m) *For units located in J&K, North Eastern Region including Sikkim, specific EO shall be 25% of the EO as stipulated in Para 5.01 of FTP.*

(n) *Import of Capital Goods is subject to Actual User Condition till EO is completed.*

**Post Export EPCG Duty Credit Scrip(s):**  
Exporters can exercise this option by

filing an application in ANF5A with the RA concerned by selecting the option for this Scheme. All applicable duties shall be paid in cash by the exporter at the time of import of Capital Goods. RA shall issue an Authorization specifying

(i) “Not for imports” on the body of the Authorization

(ii) Average EO, if any

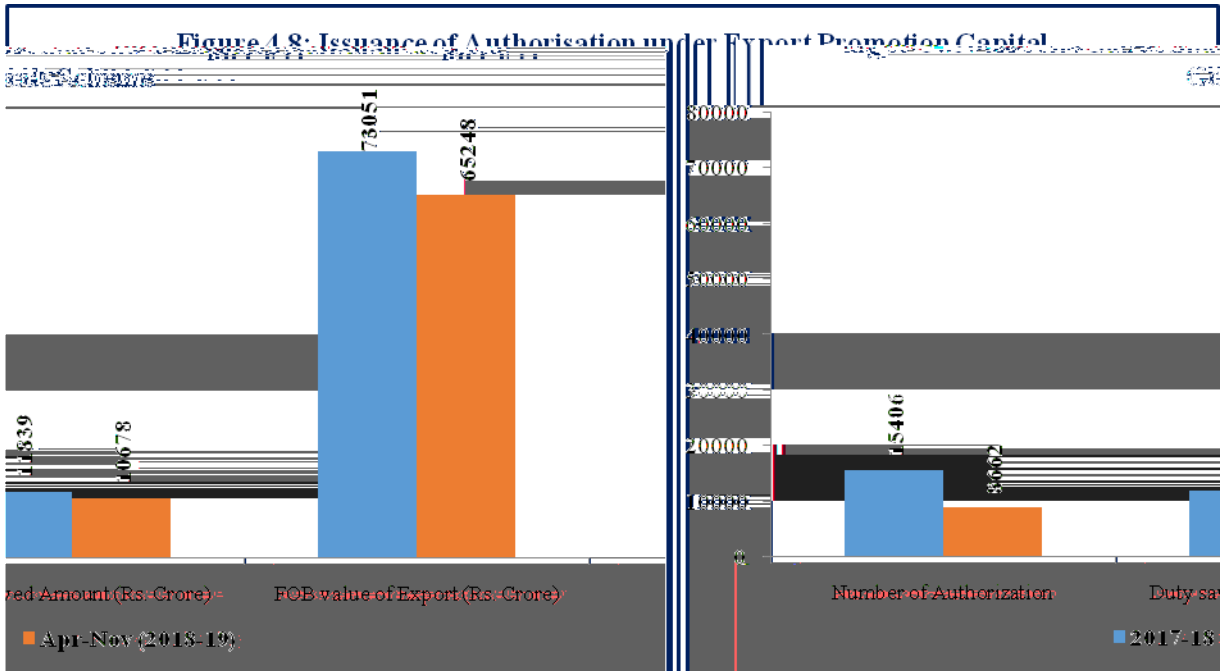
(iii) Specific EO @85% of the applicable specific EO, computed as if the imports were to take the benefit of duty exemption and

(iv) EOP, which shall commence from the Authorisation issue date

Details of EPCG authorizations are given in the table as follows:

Issuance under Export Promotion Capital Goods Scheme		
EPCG Scheme	2017-18	Apr-Nov 2018
Number of Authorization	15,406	8,662
Duty saved Amount (Rs. Crore)	11,839.18	10,677.65
FOB value of Export (Rs. Crore)	73,051.20	65,248.47

Figure 4.8 depicts the number of authorizations issued under various export promotion schemes along with duty saved amount and FOB value of export during 2017-18 and Apr-Nov 2018.



## VI. Interest Equalization Scheme on Pre & Post Shipment Rupee Export Credit

The Interest Equalization Scheme (IES) for pre and post Shipment Rupee Export Credit is being implemented by the DGFT through RBI on behalf of the government. The scheme came into effect from 1.4.2015 and is for a period of 5 years. Under the scheme, interest equalization @ 3% per annum has been made available to eligible exporters which include manufacturing exporters for exports in the identified 416 four digit tariff lines and all MSME exporters across all their merchandise exports. Thus, banks provide loans to eligible exporters by way of pre and post Shipment Rupee Export Credit, and in respect of exporters covered under the Interest Equalization Scheme, the rate of interest is reduced by 3% per annum. This helps the identified export sectors to be

internationally competitive and helps them in achieving a higher level of export performance. During 2017-18, a sum of Rs 2752 crore was disbursed for providing interest subvention under the scheme.

## VII. Status Holders Recognition

All exporters of goods, services and technology having an importer-exporter code (IEC) number are eligible for recognition as a Status Holder, which depends upon export performance in the current year plus last three years (except for Gems and Jewellery Sector. The current threshold to cross for getting One Star Export House status is USD 3 Million in current plus last three years. The Foreign Trade Policy 2015-20 provides for certain privileges and preferential treatment and priority in handling of consignments of Status holders by the concerned agencies.

Also, a shortened time line of one day for 4 and 5 star status holders and 2 days for 1, 2 and 3 star status holders has been stipulated for regional authorities to issue advance authorizations to status holders and for its subsequent amendments, if any.

Manufacturers who are also Status Holders have been enabled to self-certify their manufactured goods as originating from India with a view to qualify for preferential treatment under different Preferential Trading Agreements [PTAs], Free Trade Agreements [FTAs], Comprehensive Economic Cooperation Agreements [CECAs] and Comprehensive Economic Partnerships Agreements [CEPAs], which are in operation. There are 1507 IEC Holders who have been given a Status Holder Certificate, One Star and above during 2017-18.

### **VIII. Niryat Bandhu Scheme**

The Government of India had conceptualized the Niryat Bandhu Scheme, as part of its Foreign Policy (FTP) on 13<sup>th</sup> October, 2011 which was incorporated in the [FTP 2009-2014](#) as a novel scheme for mentoring the first generation entrepreneurs. The objective of the Scheme is to reach out to the new and potential exporters and mentor (hand holding) them through orientation programs, counseling sessions and individual facilitation so that they may get into international trade and boost exports from India through timely and appropriate guidance of DGFT officers.

Total allocation of funds for the year 2018-19 was 100 lakhs and out of which 50.47 lakhs has been allocated to various Regional Authorities till 19.12.2018. So far, 3843

persons have participated in programmes conducted under C1 (New IEC holders), C2 (Town of excellence/Industrial clusters)C3 (Seminars at Business Schools/Universities) of Niryat Bandhu Scheme.

### **IX. New Initiatives in DGFT**

1. DGFT EDI system facilitates the export and import community in its various interfaces with the department. DGFT has set up a secured EDI & IT system for applying for IEC, various Foreign Trade Policy Schemes, specific import and export authorizations etc. It has established data exchange mechanisms with other administrative departments, namely, Customs, Banks, CBDT and EPCs.

2. DGFT has implemented the following activities during the current financial year:-

- (i) Implementation of automated issuance of IEC.
- (ii) Implementation of a ticketing and management system for complaints/queries/suggestions 'Contact@DGFT'.
- (iii) Implementation of eMPS for electronic fee payments.
- (iv) Launch of CMF based revamped DGFT Portal.
- (v) Automated issuance of MEIS scrips.
- (vi) Implementation of SEIS module for 2017-18.
- (vii) Centralized issuance of SCOMET Licences from DGFT(HQ) to reduce delays.
- (viii) Development of Android and iOS based Mobile App for DGFT.
- (ix) Risk Management System for automatic issuance of IEC & MEIS.

- (x) Shipping Bill view feature for Shipping received from ICEGATE.
- (xi) Centralized view for Norms Committees status for exporters.
- (xii) Centralized report for issuance and pendency.

held on 05.12.2017 and has been notified accordingly. The appendices and Aayat Niryat Forms have also been updated and notified vide Public Notice no. 36/2015-20 and Public Notice 37/2015-20 both dated 04.09.2018.

3. Further, the procedure pertaining to refund of CST/TED/DBK has been simplified during the review of FTP 2015-20



# **EXPORT PROMOTION MECHANISM**

## Chapter 5: Export Promotion Mechanism

### Infrastructure Support

#### STATES CELL:

The State Cell deals with creation of export infrastructure through the “Trade Infrastructure for Export Scheme (TIES)” and engagement with states in promotion of exports.

#### “Trade Infrastructure for Export Scheme (TIES)”

The TIES scheme is being implemented for a period of 3 years w.e.f. F.Y. 2017-18. The objective of this scheme is to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first mile and last mile connectivity for export-oriented projects and addressing quality and certification measures. The main focus is to create appropriate infrastructure for development and growth of exports through engagement of Central/State Agencies by extending assistance to them. The Central Government assistance for infrastructure creation is in the form of grant in-aid, normally not more than the equity being put in by the implementing agency or 50% of the total equity in the project. (In case of projects located in North Eastern States and Himalayan States

including J&K, this grant can be upto 80% of the total equity).

Total Scheme outlay is Rs. 600 Cr. with annual outlay of Rs. 200 cr. An outlay of Rs. 80 Cr has been provided under this scheme during the financial year 2018-19. Out of Rs. 80 Cr, a sum of Rs. 19.977 Cr. has been sanctioned/allocated for 5 projects (as on 30.11.2018). During, FY 2017-18, RE of Rs. 80 cr. under was allocated for 15 export infrastructure projects.

#### Mapping of assets created under erstwhile ASIDE Scheme:

Under TIES, Price waterhouse Coopers Private Limited (PwC) has been engaged as the Project Monitoring Agency (PMA). As per Terms of Reference, PMA is carrying out the mapping of assets created under erstwhile ASIDE Scheme. So far, mapping of approx.. 139 projects has been completed by PMA.

#### Mapping of Infrastructure gaps related to exports in States:

One of the Terms of Reference of PwC was to map the infrastructure gaps related to exports in States. As part of this, PMA is carrying out the the assessment of export infrastructure gaps of 6 States viz. **Gujarat, Andhra Pradesh, Telangana, Uttar Pradesh, Tamil Nadu and Assam** in the Phase – I.

## **STEPS FOR INCREASED ENGAGEMENT OF STATES FOR EXPORT PROMOTION**

### **1. COUNCIL FOR TRADE DEVELOPMENT AND PROMOTION:**

A Council for Trade Development and Promotion was notified under the chairpersonship of the Union Commerce and Industry Minister, in which the Trade & Industry Ministers of all the states are members along with the Secretaries of the Central Ministries/Departments dealing with infrastructure and finance and the apex industry associations. The 1<sup>st</sup> and 2<sup>nd</sup> meeting of the Council was convened on the 8.1.16 and 5.1.17 respectively. the 3<sup>rd</sup> meeting of the Council is being held on 10<sup>th</sup> January, 2019 with the participation of all States/UTs.

The issues raised by the State Govts during the 1<sup>st</sup>/2<sup>nd</sup> and 3<sup>rd</sup> meeting were taken up with the concerned and attempts made to resolve them. The Council provides the states with a platform to articulate their views on the Trade Policy.

### **2. JOINT MEETINGS WITH STATE GOVERNMENTS AND EXPORTERS:**

Under the initiative, Commerce Secretary leads a team of officials from Dept of Commerce, DGFT, Customs, CONCOR and

concerned ministries to sensitize the states on the need to promote trade related infrastructure and other issues. The meeting with the State Government officials, jointly chaired by the Commerce Secretary and the Chief Secretary of the State, deliberates on the DGCIS data on exports from the state, the issues related to local taxation/levies, power availability, road/rail connectivity etc as aired by the local exporters/CHAs. The possible implications of the various international agreements on the export basket of the State are also discussed so that the States can plan the development of the industry. During the interaction the state responds on their plan of action to tackle the various bottlenecks.

This meeting with state government is usually followed or preceded by a meeting with the exporters/freight-forwarders/CHAs from the state. The open house session focuses on bottlenecks being faced by exporters including logistics bottlenecks. This provides a forum for a large section of the exporting fraternity to interact directly with the Commerce Secretary and the heads of the local regulatory departments to plan their expansions. The initiative by the Ministry of Commerce, Government of India provides the exporters with an interactive platform to articulate the current problems being faced by them with the various

regulatory agencies both at the centre and state level. The interactive sessions are having a huge participation as the exporters of the state have this exclusive platform to discuss specific issues.

As part of this, Commerce Secretary has convened such joint meetings in Telangana, Goa, Tamil Nadu, Assam and Meghalaya during 2018-19. Other States viz. Madhya Pradesh, Maharashtra, Tamil Nadu, Gujarat, Rajasthan, combined meeting of all the North Eastern States, Andhra Pradesh, Telangana, Karnataka, Chhattisgarh, Odisha, Uttar Pradesh, West Bengal, Kerala, Himachal Pradesh, Punjab and Haryana were visited in previous financial years.

### **3. STATE SPECIFIC EXPORT STRATEGIES:**

State Governments are being encouraged to formulate state specific export strategies to develop and identify items with export potential and promotion thereof. The States have also been requested to include promotion of organic cultivation, promotion of standards & certification, promotion of services exports and improvement in export infrastructure & logistics as an integral part of their export strategy.

#### **Status of Development of Export Strategy by the State Governments :**

So far, Export Strategy for seventeen States namely Chhattisgarh, Tamil Nadu, J&K, Assam, Tripura, Gujarat, Haryana, Manipur, Puducherry, Uttar Pradesh, Madhya Pradesh, Jharkhand, Mizoram, Nagaland, Meghalaya, Chandigarh, Odisha has been prepared. Export Strategy of 8 more States viz. Andhra Pradesh, Karnataka, Delhi, Goa, Uttarakhand, Bihar, Arunachal Pradesh, and Telangana is being prepared by FIEO under MAI Scheme of this Department. Rajasthan is preparing its Export Strategy on its own. Some of the remaining states have engaged organizations like IIFT etc for preparing export strategy.

#### **Export Promotion Councils (EPCs)**

At present, there are fourteen Export Promotion Councils (EPCs), as mentioned below, under the Department of Commerce. The EPCs are registered as non-profit organizations under the Companies Act/Societies Registration Act and perform both advisory and executive functions. Roles and functions of these Councils are guided by the Foreign Trade Policy 2015-20 which also recognizes them as registering authorities for exporters.

#### **Federation of Indian Export Organisations (FIEO)**

The Federation of Indian Export Organisations (FIEO), set up in 1965 and registered as an Export Promotion Council under the Societies Registration Act XXI of 1860, is the apex body for export promotion. The Organisation is headquartered in Delhi and has its Regional Offices in Delhi, Mumbai, Chennai and Kolkata. The Managing Committee of FIEO consists of representatives of EPCs and Commodity Boards, APEDA, MPEDA etc.

The FIEO serves as a platform for interaction amongst more than 26,000 member exporters and policy makers and is instrumental in the promotion of exports. The key objective of FIEO is to provide an integrated package of services to various organizations connected with export promotion. In the Foreign Trade Policy, the FIEO is designated as Registering Authority for status holder exporting firms and exporters dealing in multiple products. It also issues Certificate of Origin (Non-Preferential) which is required by many countries as proof of origin of goods.

The FIEO is maintaining and updating the Indian Trade portal ([www.indiantradeportal.in](http://www.indiantradeportal.in)). The trade portal now covers Most Favoured Nation (MFN) rates, preferential tariff and Sanitary and Phytosanitary (SPS) and technical

barriers to trade (TBT) measures of 87 countries. The FIEO also has a monthly bulletin ‘FIEO News’ and a weekly e-bulletin ‘INTRADE Update’ which keeps exporters posted with weekly global developments affecting International Trade. The FIEO provides e-platform to buyers/sellers through large network of members and non-members, and also organises Trade Fairs and Exhibitions across the globe.

The FIEO has signed over 95 Memoranda of Understanding (MOU) with leading chambers across the globe to provide commercial information and marketing support to its members.

### **Market Access Initiative (MAI) Scheme**

The Market Access Initiative (MAI) Scheme is an export promotion scheme, formulated to act as a catalyst to promote India’s exports on a sustained basis. Under the scheme assistance is provided to the Export Promotion Councils, Commodity Boards and Apex Trade Bodies. There are also provisions for supporting individual exporters (for product registration and testing charges for engineering/ pharmaceuticals/ chemicals/ agro-chemicals products etc. abroad). The scheme was last revised in February, 2018. The broad objectives of funding under MAI are:

- To display and promotion of India's capabilities as provider of world class goods and services.
- To project India as an attractive sourcing destination.
- To create a strong Brand Image for India.
- To facilitate exporters /Industry Bodies to participate in major events abroad in identified markets to create an impact of Indian Goods and Services.
- To facilitate exporters to get exposure to new/ potential markets and access information on global trade.

Assistance under MAI Scheme is granted through Export Promotion Councils and Apex Trade Organization for various activities covered under the Scheme. The approval process of proposals involve scrutiny through the Committee empowered under the Scheme.

During the year 2018-19, **277** projects have been approved for receiving assistance under the scheme.

Year-wise status of MAI allocation/release for last 10 years is as under: -

Year wise Status of MAI Allocation/Releases

(₹ in Crore)

Year	Outlay	Expenditure
2014-15	199.99	199.99
2015-16	224.99	224.99
2016-17	220.51	200.51
2017-18	213.25	213.25
2018-19 (as on 07.12.2018)	249.99	178.23

Major Events supported under MAI support during 2018-19

S. No.	Region	Council	Date
1	Global Exhibition on Services (GES)	CII / SEPC	May, 2018
2	International Pharma & Healthcare Exhibition (IPHEX 2018)	Pharmexcil	May, 2018
3	Advantage Healthcare India	FICCI/SEPC	December, 2018
4	India Engineering Sourcing Show	EEPC	March, 2018
5	Indus Food	TPCI	January, 2019
6	ASEAN- India Expo and Summit	FICCI	February, 2019

7	India International Jewellery Show (IIJS)	G&J EPC	August, 2018
8	INDEE COLUMBIA 2018	EEPC	September, 2018
9	Hong Kong Jewellery & Gem Fair, Hong Kong	G&J EPC	September, 2018
10	India Carpet Expo	Carpet EPC	October, 2018
11	Domotex, Germany	Carpet EPC	January, 2019
12	Arabplast, UAE	Plastic EPC	January, 2019

### **Gems & Jewellery**

The Gem & Jewellery Export Promotion Council (GJEPC), the apex trade body of the Indian gems and jewellery industry has completed 52 glorious years of its existence this year. It has approximately 6790 members as on 30<sup>th</sup> November 2018. The gems and jewellery manufacturing sector is India's leading foreign exchange earning sector. Exports of gems and jewellery from India during the fiscal year April- October 2018-19 registered a performance of US\$ 24259.51 million registering a marginal decline of 1.63%. This sector contributes to about 12.73% of the country's total merchandise exports. It consists of large number of SME units, employing skilled and semi-skilled labour, almost entirely in the unorganized sector.

**During the year 2018-19 (till November), the Gem and Jewellery Export Promotion Council (GJEPC) participated in the following exhibitions in India and abroad:**

- Vicenza Oro 2018 held in Italy from 19<sup>th</sup>-24<sup>th</sup> January 2018
- Jewellery & Watch Birmingham 2018 held in Birmingham from 4<sup>th</sup> - 8<sup>th</sup> February 2018
- Inhorgenta 2018 in Munich from 16<sup>th</sup> - 19<sup>th</sup> February 2018
- Hong Kong International Diamond, gem & Pearl Show 2018 in Hong Kong from 27<sup>th</sup> February – 3<sup>rd</sup> March 2018
- Hong Kong International Jewellery Show 2018 in Hong Kong from 1<sup>st</sup> - 5<sup>th</sup> March 2018
- Basel World 2018 in Basel, Switzerland from 22<sup>nd</sup> – 27<sup>th</sup> March 2018
- Carats + 2018 in Antwerp, Belgium from 6<sup>th</sup> -8<sup>th</sup> May 2018
- JCK Las Vegas Show 2018 in Las Vegas, USA from 1<sup>st</sup> - 4<sup>th</sup> June 2018
- Hong Kong Jewellery & Gem Fair from 21<sup>st</sup> -24<sup>th</sup> June 2018

- Singapore International Jewellery Expo in Singapore from 26<sup>th</sup> – 29<sup>th</sup> July 2018
- September Hong Kong Jewellery & Gem Fair from 12<sup>th</sup>- 16<sup>th</sup> September 2018
- Vicenza Oro Fall 2018 in Italy from 22<sup>nd</sup>- 26<sup>th</sup> September 2018
- VOD Dubai International Jewellery Show in Dubai from 14<sup>th</sup> – 17<sup>th</sup> November 2018
- Jewellery Arabia 2018 in Behrain from 20<sup>th</sup> – 24<sup>th</sup> November 2018
- Banking Summit on 11<sup>th</sup> May 2018 in Mumbai
- 1<sup>st</sup> India Australia Jewellery Buyer Seller Meet from 7<sup>th</sup> -9<sup>th</sup> August 2018 in Mumbai
- 35<sup>th</sup> edition of India International Jewellery Show from 9<sup>th</sup> -13<sup>th</sup> August, 2018 in Mumbai
- India Diamond Week (Loose Diamonds) from 20<sup>th</sup> -23<sup>rd</sup> August 2018 in New York, USA
- 1<sup>st</sup> edition of India Silver Buyer Seller Meet from 3<sup>rd</sup>-5<sup>th</sup> October 2018 in New Delhi

**In addition to the above, GJEPC organised the following activities in 2018-19:**

- 1<sup>st</sup> India Rough Gemstone Show from 8<sup>th</sup>-10<sup>th</sup> January 2018 in Jaipur
- IIS Signature and IGJME from 10<sup>th</sup>-13<sup>th</sup> February 2018 in Mumbai
- Seminar on Design Inspiration from 13<sup>th</sup> -14<sup>th</sup> February 2018 in Mumbai
- India Gemstone Week from 15<sup>th</sup> - 17<sup>th</sup> April, 2018 in Jaipur
- 3<sup>rd</sup> edition of Diamond Detection Expo and Symposium from 23<sup>rd</sup>-25<sup>th</sup> April, 2018 in Mumbai
- 3<sup>rd</sup> edition of India SAARC Middle East Buyer Seller Meet from 29<sup>th</sup> April 1<sup>st</sup> May 2018 in Hyderabad

- India International Diamond week (Loose Diamonds) from 23<sup>rd</sup> -25<sup>th</sup> October 2018 in Mumbai
- 2<sup>nd</sup> edition of India Gold and Jewellery Summit from 23<sup>rd</sup>-24<sup>th</sup> November 2018 in New Delhi

#### **Common Facility Centre (CFC):**

Inaugurated the 3<sup>rd</sup> Common Facility Center at Amreli, 11<sup>th</sup> March 2018. The work for the 4<sup>th</sup> CFC at Junagadh in Gujarat has been completed and will be inaugurated soon.

#### **Special Notified Zone for consignment import of rough diamonds**

The SNZ is starting its 4<sup>th</sup> year of operations and has been conducting operations very successfully over the last 3 years. All the major mining companies of the world are

regularly conducting their viewings. It has received a very good response from the Indian diamond industry and has been especially beneficial to the MSME's with average no. of visitors per viewing at 202 and average no. of companies per viewing at 80. Since its inauguration in December 2015, more 577 days have been utilized for viewings at IDTC-SNZ with an average occupancy of more than 55% which is huge if we compare it to similar setups around the world. The SNZ has received bookings from mining companies till December 2019 which shows their commitment to the project. More than 16,000 visitors have crossed the doors of the SNZ till date. By volume almost 9 million carats of rough diamonds of a total value of whopping USD 1.5 billion dollars has been displayed in IDTC - SNZ since its inception. Foreign Mining Companies viz. ALROSA - Russia, De Beers - UK, Rio Tinto - Australia, Dominion Diamonds Corp - Canada and Okavango Diamond Company (ODC) - Botswana who totally accounts for 85% of total production of rough diamonds worldwide have offered their diamonds for viewings and 737 unique Indian diamond manufacturing/trading companies from across India have participated in the viewing sessions.

## **Council for Leather Exports**

### **About Leather Industry**

- The Leather Industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and it is among the top ten foreign exchange earners for the country. The export of leather and leather products reached a value of US\$ 5.74 billion during 2017-18.
- The Leather industry is bestowed with an affluence of raw materials as India is endowed with 20% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries.
- The leather industry is an employment intensive sector, providing job to about 4.42 million people, mostly from the weaker sections of the society. Women employment is predominant in leather products sector with about 30% share.

## **Export Performance**

Export of leather and leather products from India showed a positive growth of 1.65% during 2017-18, after registering a negative growth of -9.84% and -3.23% during 2015-16 and 2016-17 respectively.

## **GOODS AND SERVICES TAX**

- As per decisions taken in the 28<sup>th</sup> GST Council meeting held on July 21, 2018, the following measures were announced.
- GST reduction on Slide Fasteners and Parts of Slide Fasteners (used as inputs) from 18% to 12% w.e.f. 27<sup>th</sup> July 2018.
- Extension of GST exemption for Services by way of transportation of goods by an aircraft from Customs Station of clearance in India to a place outside India and Services by way of transportation of goods by a vessel from Customs Station of clearance in India to a place outside India from Sept. 30, 2018 to Sept. 30, 2019.
- 5% concessional GST extended to footwear having a retail sale price up to Rs. 1000 per pair w.e.f. 27<sup>th</sup> July 2018. Prior to this extension, the 5% concessional duty was available for

footwear with retail sale price upto Rs.500/-.

## **Footwear Design and Development Institute**

Footwear Design and Development Institute (FDDI) was set-up by the Ministry of Commerce and Industry, Government of India in the year 1986 for the development and promotion of Footwear and Allied Product Industries.

FDDI, a premier Institute having the status of 'Institution of National Importance' as per FDDI Act, 2017, serves as a 'One stop solutions provider' in footwear, leather and allied industry.

FDDI has been playing a pivotal role in facilitating Indian industry by bridging skill gaps in the areas of footwear, leather, fashion, retail and management. FDDI has been functioning as an interface between the untapped talent and industry and its global counterparts, by fulfilling the demand of skilled manpower with its specific curriculum, state of the art laboratories, world class infrastructure and experienced faculty.

FDDI provides skill-based education and trainings by conducting long-term programmes (UG & PG) and short term (Certificate) programmes through its campuses

located at Noida, Fursatganj, Chennai, Kolkata, Rohtak, Chhindwara, Guna, Jodhpur, Ankleshwar, Banur, Patna and Hyderabad.

Sr. No.	Bachelor Degree Programmes (Duration 4 Years)	Master Degree Programmes (M. Des.) (Duration 2 Years)
1.	B. Des. (Footwear Design & Production)	M. Des. (Footwear Design & Production)
2.	B. Des. (Leather Goods and Accessory Design)	MBA (Retail & Fashion Merchandise)
3.	Bachelor in Retail & Fashion Merchandise	M. Des. (CAD)
4.	B. Des. (Fashion Design)	

The Institute has remarkable global recognition in the area of Training & Consultancy due to its relevance to the dynamic workplace environment, unique & innovative content and delivery mechanism and high acceptance in the industry / academia worldwide. It has crossed national boundaries and created a niche for itself in the area of training and consultancy in Asian countries like Bangladesh, Sri Lanka and many African countries like Ethiopia, Botswana, Nigeria, South Africa, etc.

**Major activities/ events undertaken during the year:**

**1. FDDI, Hyderabad campus inaugurated by Mr. Suresh Prabhu, Hon'ble Minister of Commerce & Industry, Government of India**

The newly constructed building of the Hyderabad campus of FDDI which has been established by the Department of Commerce, Government of India was inaugurated on 5<sup>th</sup> July 2018 by Hon'ble Minister of Commerce & Industry, Government of India, Mr. Suresh Prabhu in the august presence of Mr. Boora Narsaiah Goud, Member of Parliament.



Hon'ble C&IM, Mr. Suresh Prabhu cutting the ribbon and inaugurating the FDDI Hyderabad Campus

The state-of-the-art campus has a capacity to train 700-750 students and ensures international standards of training and high end support services to the Industry in the domain of Footwear & Leather Products Design Technology, Retail Management and Fashion Merchandise.

**2. UP-GRADATION & DEVELOPMENT OF STANDARDS UNDER THE 'MAKE IN INDIA – 2.0' (MII) PROGRAMME:**

FDDI, under the 'Make in India – 2.0' (MII) Programme, works for up-gradation & development of standards. up-gradation/development of standards for tactical boots (high ankle) with PU-rubber sole for

Paramilitary Forces; anti-riot shoes with PU-rubber sole for Paramilitary Forces (RAF); shoes derby black with PU-rubber sole for State Police Department; full rubber knee/ankle boots for Paramilitary Forces; & light weight, anti-skid, anti penetration combat boots for Indian Army have been carried out by the Footwear Sectional Committee (CHD-19): Panel-1 of Bureau of Indian Standards (BIS).

Further, a New Standard (IS-17012:2018) - "High Ankle Tactical Boots with PU-Rubber Sole" has been published by BIS in September, 2018 under MII-2.0.

### **3. STUDENTS PLACEMENT:**

The placement of 2017-2018 saw a lot of multinationals and corporates vying to pick up talent from FDDI. A centralized drive for placements was held at Noida campus from March, 2018 for inductions.

For the first time, International companies like Uniqlo (Japan), Victorinox (Germany), PUCA Shoes (Dubai), Apparel Group (Kuwait), Zomato, D'Lords, Blackberry, Dixcy Textiles and the world's second largest clothing brand H&M came to FDDI for campus recruitments. Companies like Superhouse, Versatile enterprises, Campus Shoes, Arvind Footwear, Indo-Euro footwear, Cosmique Group, House of Raisons, Tack Exim, Shantanu & Nikhil, Harpreet Narula have selected students from FDDI.

### **4. COMPUTER NETWORKING CENTRE (CNC) AND UPGRADATION OF PILOT PLANT OF FDDI:**

For CNC and upgradation of pilot plant of FDDI, a grant of Rs.48.99 Crores has been given, out of which expenditure of Rs.41.29 Crores has been incurred.

**Basic Chemicals, Cosmetics & Dyes  
Export promotion Council  
(CHEMEXCIL)**

The Basic Chemicals, Cosmetics & Dyes Export Promotion Council, popularly known as CHEMEXCIL, was set up by the Ministry of Commerce & Industry, Government of India in the year 1963 in Mumbai with the objective of promoting export of Dyes and Dye Intermediate, Basic Inorganic, Organic Chemicals including Agro Chemicals, Cosmetics, Soaps, Detergents, Toiletries & Essential Oils and Castor Oil from India to various countries abroad. As on 31st March, 2018, the total membership strength of the Council stood at 3310.

CHEMEXCIL is headquartered at Mumbai and has four regional offices at Ahmedabad, Bengaluru, Kolkata and New Delhi.:

The main roles of CHEMEXCIL are as follows:

- Maintains liaison with Government authorities to convey the requirements of chemical industry/exporters and ensure suitable Foreign Trade Policy framework and budgetary support for boosting exports.
- Overcoming Export Constraints and operational bottlenecks.
- Undertake direct export promotional activities such as undertaking trade delegation to various countries

abroad as well as participating in international exhibitions.

- Organizes Reverse Buyer - Seller meets & Hosting foreign delegations.
- Provides market information and statistical support.
- Represents issues of member-exporters related to Directorate General of Foreign Trade, Customs/Central Excise, Duty Drawback, Banking, ECGC, etc.
- Assists the exporters in understanding the changes in export policies and procedures.
- As a Capacity Building Initiative, conducts seminars/workshops to keep exporters abreast of latest developments in Export Credit Risk management, Policy/procedures matters, Government schemes, etc.

- Issues visa recommendations, Certificate of Origin, letters for renewal of Central Excise Bond etc. to the member exporters.

**Export Performance:**

The Export performance of the Council during the year April 2017 to March, 2018 was US\$ 15914.61 million. The export performance of CHEMEXCIL for the period April-December, 2018 was US\$ 14231.59 million which shows a growth of 28.50% as compared to the export performance for the period April-December, 2017.

**Export Promotional Activities:**

Given below are the details of Export Promotional activities/events where CHEMEXCIL had participated/organized from April 2018 to October 2018:-

**Events abroad: -**

1	18th China Interdye Exhibition 2018 held at Shanghai World Expo Exhibition & Convention Centre (SWEECC), Shanghai, CHINA from 11th -13th April 2018.
2	23rd Beauty World Middle East Exhibition held in Dubai, UAE from 8th to 10th May 2018
3	Color Vietnam 2018/SpeChem Vietnam 2018 Exhibition from 13th-15th June, 2018 at Saigon Exhibition & Convention Center (SECC) Ho Chi Minh City, Vietnam.
4	Chemspec Europe-2018 exhibition organized by MACK BROOKS EXHIBITIONS LIMITED UK, on 20 <sup>th</sup> & 21st June, 2018 at Cologne, Germany..
5	Dyechem Brazil 2018 Exhibition from 28th -30th August-2018 at Sao Paulo, Brazil.

## **The Plastics Export Promotion Council (PLEXCONCIL)**

The Plastics Export Promotion Council, popularly known as PLEXCONCIL, was established by the Ministry of Commerce & Industry, Department of Commerce, Government of India in 1955, with the objective of augmenting exports of all types of plastics products from India.

PLEXCONCIL maintains its head office in Mumbai and three regional offices in Northern (New Delhi), Southern (Chennai) and Eastern (Kolkata) regions of the country.

### **Export performance:**

The export value of products under the purview of the council increased by 17.1% from US\$ 7,558 million in 2016-17 to US\$ 8,850 million in 2017-18. During the above period, India's plastics exports were particularly strong to Latin America & Caribbean, North East Asia, and European Union. Exports of value-added plastics products clocked a positive growth of 12.4% during 2017-18 on account of higher shipment of plastic sheets / films / plates; woven sacks / FIBC; optical items; stationery for office and school; and photo films.

The export performance of PLEXCONCIL for the period April-December, 2018 was US\$ 6,190 Million which registered a growth of 28.19% as compared to the exports for the period April-December, 2017.

### ***Events within India: -***

- Held its export award function in July 2018 at Mumbai, Maharashtra

to felicitate top exporters of plastics products for the year 2016-17 and 2017-18.

- Organized a training program on Export in post GST scenario, present refund mechanism and interactive session in July 2018 at Mumbai.
- Briefed the members regarding the review of India's eligibility to the US-GSP program and explained the process for filing submissions / comments under Docket ID: USTR2018-0006 at [www.regulations.gov](http://www.regulations.gov).
- Co-organized an interactive session on issues related to Kolkata Port/GST/FTP in Kolkata, West Bengal.

## **Chemical & Allied Products Export Promotion Council (CAPEXIL)**

CAPEXIL, a premier Export Promotion Council, an ISO 9001:2008 certified organization, was set up in 1958 by the Ministry of Commerce & Industry, Government of India to facilitate the export of chemical-based and allied products. As on 31st March, 2018, the total membership strength of the council stood at 3,862.

CAPEXIL's Registered Office & Head Office is located at Kolkata. It has four Regional Offices located at Mumbai, Chennai, Kolkata and New Delhi.

### **Export Performance**

- The export performance of the Council during the year April 2017 to March, 2018 was US\$ 18,143.96 million. Chemical Based Allied Products were exported to more than 200 countries during April-December 2018. The cumulative value of exports for the period April-December 2018 was US\$ 15,729.53 million, registering a positive growth

of 20.8% per cent over the same period last year.

### **Export Promotion Measures**

For the Financial Year 2018-19 i.e. till date, CAPEXIL has organized/participated in the following events abroad as well as within India as a measure of export promotion as under:

#### **Events Abroad:**

- London Book Fair, U.K. (Self-Finance Basis / No MDA/MAI) 10th April -12th April 2018
- Abu Dhabi International Book Fair, Abu Dhabi, UAE during 25th April, 2018 to 1st May 2018
- Beijing Intl. Book Fair, Beijing, China during 22nd August – 26th August, 2018
- Sharjah International Book Fair, 2018, during 31st October – 10th November, 2018 at Sharjah, UAE

#### **Events within India:**

- CAPEXIL conducted Workshop and Training Programme on International Marketing at Kolkata on 24th April, 2018.
- CAPEXIL Southern Region, conducted “Interactive Session-Cum-Training Programme” for Animal By Products Panel on 17th April, 2018
- CAPEXIL Southern Region Office has conducted “Interaction on GST & its implication” on 25th July, 2018 at Chennai.
- CAPEXIL in association with Afro Asian Book Council (AABC) organized a Seminar namely Afro-Asian Book Conclave (Opportunities and Challenges) at New Delhi on 31.08.2018. The Programme was attended by around 100 participants. Shri Santosh Kumar Gangwar, Hon’ble Minister of State with independent charge in the Ministry of Labour and Employment in

the Government of India was the Chief Guest & other Senior Officials attended the Conclave.

### **Shellac and Forest Products Export Promotion Council (SHEFEXIL)**

SHEFEXIL was formerly known as the Shellac Export Promotion Council, which had been working in partnership with the industry since 1957 as the catalysing agency for the longterm development and export promotion of shellac and lac-based products. The objective of the council is to realize the full potential of India’s Non-timber Forest Produces (NTFP) exports through collective action, create a global brand for Indian NTFP, etc. Shellac Export Promotion Council is the Nodal EPC for Non-Timber Forest Produce. Major products Groups under SHEFEXIL are Shellac & lac based products, Vegetable Saps & Extracts of Herbs, Guar Gum, Fixed vegetable, Oil Cake and Multi products belonging to the North Eastern Region.

SHEFEXIL’s registered office is located at Kolkata and it has no branch or regional office.

#### **Export Performance:**

The export performance of the Council during the year April 2017 to March, 2018 was US\$ 1917.21 Million. The export performance of SHEFEXIL for the period April-December, 2018 was US\$ 1516.51 million, which shows a growth of 10.86% as compared to the exports for the period April-December, 2017.

The Council’s membership is characterized by unorganized, small and medium sized players. This brings its own set of challenges to the market place, from being lower down the product value chain to quality issues and lack of traceability. Most of the products are currently exported in raw form or after limited processing; therefore enhancing

value-addition is a key priority for the Council.

### **Export Promotion Measures**

#### Promotional activities undertaken by the Council

##### **Events Abroad:**

###### **FY 2017-18:**

- 8<sup>th</sup> China International Dye Industry Pigments & Textile Chemicals Exhibition 2017 at Shanghai, China, 12<sup>th</sup>– 14<sup>th</sup> April, 2017.
- Interdye Asia Exhibition 2017, at Bandung, Indonesia held on 1<sup>st</sup>-3<sup>rd</sup> November 2017.

###### **FY 2018-19:**

- China Inter dye Exhibition 2018, Shanghai, China held on 11 – 13 April, 2018.
- Beauty World Middle East, Dubai, UAE, 8<sup>th</sup> – 10<sup>th</sup> May, 2018

##### **Events in India:**

- Meeting with Department Related Parliamentary Standing Committee on Commerce held on 2<sup>nd</sup> July 2017 at Shilong and 4<sup>th</sup> July, 2017 at Kolkata.
- Interactive meet with Shri Suresh P. Prabhu, Hon'ble Union Minister of Commerce & Industry & Civil Aviation on 4<sup>th</sup> Feb., 2018.
- CAP(INDIA) 2018, held on 22<sup>nd</sup>– 24<sup>th</sup> March, 2018, Mumbai.

### **Pharmaceuticals Export Promotion Councils (PHARMEXCIL)**

Indian Pharma, a highly knowledge based industry, is growing steadily and playing a major role in the Indian economy. During 2017-18, Indian Pharma exports contribution was to the extent of USD 17.27 billion. Indian Pharma is one of the few

sectors in India that has shown growth rates continuously, in spite of economic slump globally. Over 55% of pharma exports are to the highly regulated global markets. India accounts for about 37% of Drug Master Files (DMF) filed with US FDA (3980 DMFs and 4325 ANDAs), which is the highest number for any country outside the USA. India has been accredited with approximately 1,597 Certificate of Suitability (CEPs), more than 1300 TGA approvals and has around 700 sites approved by the USFDA.

#### **Salient features of export trends:**

India Produces 65% of WHO demand for DPT & BCG and 90% of Measles vaccines

8 out of top 20 global generic companies are from India.

Over 55% of India's exports are to highly regulated markets like North America, Europe. USA is the largest exporting destination for India. India contributes 50% of Africa's generic market of US\$ 6000 mn.

Huge market opportunity is emerging for Indian manufacturers. Further, the prospects of India as outsourcing destination for Contract Research and Manufacturing Services (CRAMS), Clinical research, biotechnology, bio-informatics etc., is

emerging stronger due to skill, cost and delivery advantages.

### **Current Exports Trend**

During April to September 2018-19, the pharmaceuticals exports grew by 12.37% over the corresponding period of 2017-18. There has been positive growth in exports to North America, EU & African Countries that cater to 67.44% of our total exports, where the growth rates recorded are 11.91%, 16.23% and 5.27% respectively. All the categories of pharmaceuticals exports viz Ayush (9.31%), Bulk Drugs & Drug intermediates (11.53%), Drug formulations & Biologicals (13.66), Herbal Products (8.79), and Surgicals (6.93), Vaccines (0.17) witnessed positive growth rates so far during April-September, 2018. In the month of October, 2018, the Pharmaceutical exports stood at USD 1.514 billion recording a growth of 12.83% over the corresponding month of the previous year.

### **Initiatives taken by DOC/Pharmexcil for promotion of Pharma exports**

#### **Brand India Pharma Project:**

Brand India Pharma Project, launched in 2012 is continued in 2017-18 also to promote Indian Pharma products in the international markets. Pharmexcil, with the support of IBEF, has undertaken brand

promotion activities in Arab Health held at Dubai, apart from other major events like CPhI WW, CPhI Japan. Branding activities in Arab Health have created positive impact and helped the participants in these events in getting good response.

#### **Reducing dependency on import of APIs:**

Continuing the efforts to reduce dependency on import of APIs and to make Indian API industry self-reliant, the Department of Commerce held a series of consultations with the stakeholders to formulate policies / road map. Pharmexcil also organized several consultative meetings among CSIR Labs, industry, academia on this subject. Department of Commerce has provided its comments on Draft National Policy 2017 to the Department of Pharmaceuticals to include establishment of exclusive clusters for manufacturers of APIs, Intermediates and key starting material and the policy is under finalisation.

#### **Track & Trace system for exports:**

Track & Trace System for Pharma exports is being implemented successfully. Considering the genuine concerns of Small Scale Exporters, exemption from maintenance of parent-child relation and uploading the data on DAVA portal was given to SMEs up to 1.7.2019. Seminars/ workshops are being organized by NIC, GS1

and Pharmexcil periodically to clarify the queries of exporters and to ensure smooth functioning of the system.

### **Non-Tariff Trade Barriers:**

DoC/Pharmexcil put efforts to remove the non-tariff trade barriers that are brought to its notice by Members. Iraq was giving preferential treatment to some countries while registering the products. With lot of persuasion, India was included in the list and considered at par with those countries.

### **Penetration into Emerging Markets:**

DoC/Pharmexcil is taking up initiatives to improve India's share in some key markets like China and Japan. Subsequent to the recent announcement of duty reduction on 28 products by China, Council has taken the following steps to help the members to improve their exports to China:

- Circulation of the list of exempted 28 tariff items and the list of anti-cancer drug covered under these lines.
- Creating awareness among Indian companies on the opportunities and guiding them to go for the product registrations with CFDA enabling larger exports to China.
- Organizing a B2B meet during 20-22 Aug.2018 at Shanghai, China and

organizing meeting with CFDA officials.

- Create awareness on Regulatory requirement in China besides exploring the mechanism of fast track approvals.

### **Efforts for Recognition of Indian Pharmacopeia (I.P):**

With the support of Department of Commerce, Pharmexcil has initiated measures for promoting/ recognition of Indian Pharmacopoeia by other developing countries with special efforts for SAARC and African countries, to begin with.

Pharmexcil initiated with Ghana FDA for recognition of IP by them. A high level delegation from Ghana had visited and interacted with senior officials of Department of Health, Commerce and Pharmaceuticals and the matter is being pursued with Ghana. During the visit of CS led delegation to Afghanistan on 25-26 October, 2018, it was proposed to National Medicines and Health Products Regulatory Authority (NMHRA), Afghanistan to recognise Indian Pharmacopeia.

### **Online issue of COOs**

As per the advice of DoC and Committee of Administration, Council started issuing Certificate of Origins (COO) for non-

preferential countries. The initiative of Council is well appreciated by the members and many members from different cities started using the facility.

### **Validity of CoPPs**

Industry has been requesting for issue of CoPPs (Certificate of Pharmaceutical Products) with validity of 3 years, instead of two years presently being issued, conforming to the international practice. Based on representation from Pharmexcil and persuasion of DoC, DCGI issued a notification extending the validity of CoPPs to 3 years with effect from 8.5.2018.

### **Arab Health**

For the 12<sup>th</sup> consecutive time, Pharmexcil organized India Pavilion at Arab Health in Dubai in Jan 2018. 56 Indian companies, dealing in pharmaceuticals, nutraceuticals, surgical products etc., participated in the pavilion.

### **IPHEX 2018**

IPHEX-2018 was inaugurated by CIM- the sixth edition of the biggest networking event for Indian Pharma sector was organised from 08-10th May, 2018 at New Delhi with an aim to bring Pharma and healthcare sector under one umbrella. 500 Indian Exhibitors, 120 countries, 670 Foreign

Delegates participated, and there were 10000 visitors.

### **CPhI China:**

Pharmexcil organized an India Pavilion in this event during 21-23<sup>rd</sup> June 2018 with 21 Indian companies.

### **MoU signed between Pharmexcil and CCCMHPIE, China**

MoU on cooperation in the pharmaceutical sector was signed between Pharmexcil and CCCMHPIE, China in August 2018. Help Desk set up in China and India to help Pharma companies from both sides find partners for their business ventures and understand the regulatory practices.

### **Maghreb Pharma Expo:**

Maghreb Pharma Expo is one of the major Pharma events in Algeria, which is the 2<sup>nd</sup> largest market in Africa region. Considering opportunities available for Indian Pharma exporters, particularly for APIs, nutraceuticals, Pharma machinery exporters, Pharmexcil participated in this event during 17-19<sup>th</sup> September 2018. 17 Indian exporters participated in the pavilion.

### **Iran Pharma:**

Iran Pharmaceutical Syndicate organizes a Pharma event every year viz., Iran Pharma. Iran has a good number of finished

formulations manufacturing units. In view of good exporting opportunities available for APIs exporters and also contract manufacturing opportunities available for Indian Pharma manufacturers, Pharmexcil organized Pavilion in this event during 24-27<sup>th</sup> Sep 2018, where 19 Indian companies participated in the pavilion.

#### **Business Delegation to LAC:**

As part of Pharmexcil's continuous efforts to promote Indian Pharma exports to Latin American countries, Business Delegation to Brazil, Guatemala, Honduras was organized during 3-14<sup>th</sup> September 2018. 21 Indian companies participated in the delegation.

#### **CPhI Worldwide 2018**

CPhI Worldwide is one of the International Pharma events. Pharmexcil with the support of DoC has been participating in this event since 2005. This year the event took place at Madrid, Spain during 9-11 October 2018 and Council organized India pavilion, where 55 companies participated. In association with UK MHRA, Council organized a seminar on India-UK & EU Pharma summit, where representatives of industry, UK MHRA made presentations on challenges, opportunities for Pharma business between India and UK & EU.

#### **A strategy for enhancement of India's Pharma exports.**

A strategy has been prepared in consultation with stakeholders to reinvigorate and fortify India's Pharma exports, including identification of issues territory wise, the resolution of which can lead to enhancement of exports- this strategy is being pursued with various departments and is being constantly revised and improved based on the feedback of stakeholders.

#### **PEC Ltd.**

PEC Ltd. was formed on 21<sup>st</sup> April, 1971 as a wholly owned subsidiary of STC. PEC Limited became an independent Company under the Department of Commerce w.e.f. 27<sup>th</sup> March, 1991.

#### **ACTIVITIES**

- PEC is primarily engaged in export of projects, engineering equipment and manufactured goods, defence equipment & stores and import of industrial raw materials, bullion and agro commodities.
- Consolidation of existing lines of business and simultaneously developing new products and new markets.
- Diversification in export of non-engineering items e.g. coal & coke, iron ore, edible oils, steel scraps, etc.

- Counter trade/special trading arrangements for further exports.

### **VISION:-**

Being a leading and reliable international trading company adding sustainable value to stakeholders.

### **MISSION:-**

- Provide integrated trade solutions to customers to ensure sustainable profits.
- Focus on being the leading merchant exporter in engineering goods and projects.
- Being among top three trading companies across segments including Industrial Raw Material and Commodities.
- Serve as an effective and accountable instrument of public policy and be socially responsible.

### **OBJECTIVES**

- To be a profit oriented international trading organization.
- To provide adequate return to the stakeholder, commensurate with the market expectations.
- To seek new opportunities in the global and domestic market.
- To focus on export of engineering projects and equipment especially from small and medium enterprises.

- To trade in commodities such as agricultural products, industrial raw materials, chemicals and bullion.
- To continuously strive for enhancement of the corporate image of a reliable, long term and professionally competent organization.
- To continuously strive for improvement in productivity and competitiveness.
- To serve as an effective instrument of public policy and social responsibility.

### **Sports Goods Export Promotion Council (SGEPC)**

#### **Overview**

India is an important supplier of quality sports goods and toys to the global markets. Indian sports goods and Toys are being exported to most of the countries of the world due to the value for money products being manufactured. The industry is rapidly evolving and embracing new technology, entering into new product categories keeping in line with the fast changing global trends. When we look at the market demand and the potential our country has in terms of raw material availability, manpower and other resources, the outlook is very positive.

#### **Organizational Structure and Functions**

The SGEPC is company registered under section 25 of the Companies Act, since

January 22, 1958, sponsored by Ministry of Commerce and Industry, Government of India, for the promotion of exports of sports goods and toys. The aim and objectives of the company are promotion of the sector in line with the Foreign Trade Policy of India. The SGEPC is managed by the Chairman, the Vice-Chairman and the Regional Director and Committee of Administration (CoA), which consists of elected representatives from the Indian industry and includes Government representatives.

SGEPC's range of activities include both that spur the industry's performance and those which help to promote its presence internationally.

### **Vision & Mission**

To promote exports of sports goods and toys from India.

### **Trends in India's Foreign Trade**

Indian Sports Goods and Toys are now being exported to 150 countries. The top ten destinations for export of sports Goods and Toys are UK, USA, Australia, Germany, South Africa, France, New Zealand, Ireland, Spain and Canada. The top ten destination list has Ireland and Spain as new entrants with total exports of Rs. 38.03 Crore with a growth of 43% and 97% respectively, over the last year. It may be well noted that as per

the Industry's suggestion, the SGEPC organized BSMs in emerging markets which seem to be paying off. United Kingdom still remains on the top position as before but registered a slight decrease of 2.77 % in value terms. The top ten destinations contribute to 78% of the value of the total export of the sector from India.

### **Export Promotion Mechanism Centers of Export Production-SEZs & EOUs**

In line with the Indian Foreign Trade Policy the SGEPC conducts activities to promote exports of Sports Goods and Toys.

SGEPC is a common platform for companies from all over the country, with common interests, where they can meet to exchange views, decide on common strategies for promotion and also wherefrom they can voice their concerns at both national and international levels.

The SGEPC organizes trade promotion activities like Indian participation in International Trade fairs, visits of business delegations, promotional campaigns in international markets etc.

The SGEPC provides important information to the members on market intelligence, standards & specifications, quality & design, and on any other issue which may directly or indirectly affect the industry.

The SGEPC acts as a link between the Industry and the Indian Government providing feedback on industry's requirements to the Indian Government and informs Government directives to the industry.

**The SGEPC** collects export data from its members, maintains a statistical record of exports of sports goods and toys and evaluates its performance on an annual basis.

**The SGEPC** recognizes the achievements of exporters and awards the top performers annually.

### **Specialized Agencies**

The Sports Goods and Toy manufacturing does not involve a lot of specialized Agencies except for procurement or sale of certain natural materials like wood of select species.

### **Transparency, Public Facilitation and Allied Activities:**

The entire working of the Council is transparent and the decisions are taken with the approval of the members. All members are free to access the public information or any other information related to the Council.

Top 5 Sports products exported from India are:-

<b>Sr. No.</b>	<b>Products</b>	<b>% to total Export</b>
1	Inflatable Balls & Accessories	24.69%
2	Cricket bat and protective equipment	11.93%
3	Nets	8.66%
4	Athletic Goods	7.92%
5	Boxing Equipment	4.87%

Top 5 importing Countries of Sports goods from India are:-

<b>Sr. No.</b>	<b>Country Name</b>	<b>% share in Total Export</b>
1	United Kingdom	26.40%
2	USA	17.74%
3	Australia	13.86%
4	Germany	5.21%
5	South Africa	4.48%

## **Engineering**

### **EEPC India**

EEPC India is the Council set up under the aegis of Department of Commerce for promoting exports in the Engineering sector. It is a company set up under Section 25 of the Companies Act 1956 (company not for profit), keeping in view the special requirement of the Indian Engineering Sector for export promotion. EEPC India is the nodal agency for issue of Registration-cum-Membership Certificate for engineering exports throughout the country under the provisions of the Foreign Trade Policy. The company has its headquarters at Kolkata with regional offices in Mumbai, Chennai, Kolkata and Delhi and Sub-Regional Offices in Ahmedabad, Bengaluru, Hyderabad (Secunderabad) and Jalandhar for providing services to exporters of engineering products.

### **Engineering Exports Scenario**

Engineering exports account for 25% of the country's total merchandise exports and over 3% of GDP. Engineering exports achieved a Compound Annual Growth Rate (CAGR) of 4.4% from 2011-12 to 2017-18 with a record performance of USD 76 billion in 2017-18 with 16.81% growth over the previous fiscal 2016-17. The country's share of engineering exports as percentage

of total exports has grown from 19.3% in 2011-12 to 25.2% in 2017-18.

In 2018-19, cumulative engineering exports during the period April-November 2018 were USD 52.22 billion with a growth of 7.35% over USD 48.65 billion achieved in the corresponding period in 2017-18.

Out of 33 engineering panels, 28 panels comprising of almost 85% of the products, recorded growth in exports during April-November 2018, over the same period in 2017-18, while the remaining 5 panels showed decline in exports. The panels which registered significant growth rate of exports during April-November 2018 vis-a-vis April- November 2017 were Air condition and Refrigerators (82.23%), Nickel and products (55.18 %), Accumulators and Batteries (49.97%), Cranes, Lifts & Winches (38.86%), Electrical machinery (38.75%), Office equipments (36.29%), Aluminium and products (31.16 %), Railway Transport (27.80%), Other Construction Machinery (24.36%), Industrial machinery like boilers, parts etc. (24.57%), Prime Mica & Mica Products (22.04%), Electrodes and Accumulators (20.88%), and Bicycle and Parts (20.81%).

Region wise, South Asia registered highest growth (19.45%) during the period April –

November 2018, vis-à-vis the same period last year, followed by Africa (15.87 %), North America (15.32%), CIS (9.87%), European Union (8.38%), Middle East and West Asia (4.35%), Latin America (1.27%), and ASEAN+2 (0.41%).

### **Brand India Engineering**

To accelerate exports by enhancing brand image of ‘Made in India’ engineering quality and capabilities of Indian engineering products and services, EEPC India, under the aegis of Department of Commerce, is undertaking Brand “India Engineering” campaign since 2014. The initiative is implemented with the support of India Brand Equity Foundation, a Trust under Department of Commerce.

As part of export promotion of engineering products, Brand “India Engineering” campaign has been strategized and e-catalogue of exporters based on certain global standards prepared in respect of four identified product groups, viz., Pumps & Valves, Medical Devices, Electrical Equipment, Machinery and Components & Textile Machinery. A new comprehensive and innovative strategy for implementing Brand “India Engineering” is also under preparation.

The Brand ‘India Engineering’ campaign is gaining momentum from the omnipresence of EEPC India in major Internationally acclaimed engineering events, viz., Automechanika Dubai 2018 - world’s largest international automotive aftermarket trade show in the Middle East, Indian subcontinent and Africa; The Big 5 2018 - largest construction exhibition in the Middle East; Subcon 2018 - UK’s leading subcontracting trade show in Industrial Machinery and equipment; INDEE Philippines 2018 - the largest metalworking exposition in Philippines; and also INDEE Colombia 2018, the most specialized industrial event in Latin America and several specialized international engineering events.

### **Initiative for Technology Upgradation for boosting Engineering Exports**

In the last couple of years, Department of Commerce in partnership with EEPC India, is attempting to devise ways to move into higher technology- space. One of the key initiatives is to enable upgradation of technology for boosting engineering exports. This is being attempted through bridging the gap between leading R&D Labs and industry for the development of cutting edge export-oriented technologies. For this purpose, technology meets / industry-academia interactions are

organised in specific industrial clusters to identify the products and processes for R&D support. The initiative aims to sensitize the industry about various Government schemes available for technology upgradation, and implementing the technology development initiatives in consultation with the industry requirements in a cluster based approach. Department of Commerce, Office of Principal Scientific Advisor and EEPC India are jointly working together in this endeavour.

For addressing the challenges and to create an ecosystem congenial for MSME in the engineering sector to graduate to producers and exporters of high end technology products, Department of commerce has also funded EEPC India's Technology Centre in Bangalore (fully operational) and Kolkata (likely to be operational by January, 2019). The Centre of Excellence shall provide a single window platform for all technology solutions for the engineering industry.

Apart from above, digitization of technology resources for value addition services to the members of the Council is also under progress. In this regard, an e-Compendium on Schemes by Government of India for technology upgradation and a Directory of available technologies by Academia R&D labs is already completed

and is live on EEPC India website (<https://www.eepcindia.org/>).

### **Export Promotion Activities**

Department of Commerce undertakes various export promotion activities through EEPC India. These activities include organizing International Engineering Sourcing Show - IESS exhibition coinciding with a Buyer - Seller meet in India and product - specific Seminars/Conferences, Export Awareness Programmes etc. in India, organizing exclusive India Engineering Exhibitions (INDEEs) outside India, organizing product - specific delegations to selected countries, participation in various product - specific international exhibitions, etc. to demonstrate the capabilities of Indian engineering industry and to provide the overseas buyers with true value as propagated by Brand Indian Engineering.

*International Engineering Sourcing Show (IESS):* It is the flagship event of the Department in the engineering sector, and is considered to be the largest sourcing show organised within India for the engineering products, particularly for MSMEs. The VII edition of the event was held in Chennai in March 2018 with participation of over 300 exhibitors and 450 overseas buyers from SAARC, ASEAN, Africa, EU, CIS and

North and South America. The VIII edition of the Show is being held in Chennai on 14-16 March, 2019.

*Indian Engineering Exhibition (INDEE):*

EEPC India organizes Indian Engineering Exhibition (INDEE) which are fully focused on Indian engineering sector with the objective of increasing awareness on rapid progress in Indian engineering across the globe. INDEE was launched in 1977 and so far 40 editions of the event have been organized across the world. INDEE has emerged as the flagship event abroad of EEPC and a platform for small and medium enterprises to show case their strengths in the existing/new markets.

The 39th edition of INDEE was organized in Philippines on 22-25 August, 2018, in which more than 100 Indian engineering companies participated. The 40th edition of the event was organized on 24-26 September, 2018, in Columbia alongwith the Feria Internacional de Bogota 2018, which is the largest Engineering exhibition in Columbia. India was awarded the 'Partner Country' status in the exhibition and over 75 Indian engineering companies participated in this edition of INDEE.

Apart from above, the Department of Commerce has also been at the forefront for promoting growth of Medical Devices

sector. Medical Devices are included in the Brand India Engineering campaign by EEPC India, being carried out in consultation with India Brand Equity Foundation.

India is emerging as reliable supplier of Medical Device Equipment and Pharma Machinery. Medical Device is the sunrise industry in India, registering a CAGR of 15%. Medical tourism is another niche segment in the Medical Device sector which is putting India in front on the global map. Against this backdrop, EEPC India organised Reverse Buyer Seller Meet (RBSM) with overseas sponsored buyers and potential domestic exporters in the medical devices sector, in the recently concluded Advantage Healthcare exhibition organized by FICCI, in December, 2018, in Bengaluru.

Extending its regular agenda, EEPC India also published several reports/studies to make the members aware about the international trends and opportunities in order to enhance their global footprints.

**THE CASHEW EXPORT  
PROMOTION COUNCIL OF INDIA  
(CEPCI)**

The Cashew Export Promotion Council of India was established by the Government of

India in the year 1955, with the active co-operation of the cashew processing industry with the object of promoting exports of cashew kernels, cashew nut shell liquid and allied products from India. By its very set-up, the Council provides the necessary institutional frame work for performing different functions that serve to intensify and promote exports of cashew kernels, cashew nut shell liquid and allied products.

The Council undertakes detailed studies and collects trade information and other particulars relating to the market potential of cashews and disseminate the same to the exporters. It also deals with the trade enquiries received from various sources and passes them on to its members. The global trade information on cashew and cashew products is updated on a continuous basis.

The Council sponsors Trade Delegations and Study teams from time to time for on-the spot study of various markets abroad. These teams submit their reports on their return, on the markets visited its potential and trends which serve as reference material and also provide the basis for necessary follow-up action. The market information collected by these teams / delegations is disseminated to the trade / industry.

#### **Export Performance of Cashew Kernels:**

The export earnings from cashew and allied products during the year 2017-2018 were Rs.5,904 crores (US\$ 916 Million). Out of the total quantity of cashew kernels exported during 2017-2018, 17.16% were to the American Zone, 0.50% to African Zone, 27.49% to European Zone, 0.32% to Oceanic Zone, 16.21% to South East & Far East Asian Zone and 38% to West Asian Zone, respectively.

The total export of cashew kernels from India during 2017-18 was 84,352 Metric Tonnes valued at Rs.5,870.97 crores (US\$ 911 Millions) registering a increase of 2.5% in quantity terms and 14% in terms of Rupees as compared to the export of 82,302 Metric Tonnes cashew kernels valued at Rs. 5168.78 crores (US\$ 771 Million) during 2016-17. The export of Cashew Nut Shell Liquid (CSNL)/Cardanol from India during 2017-18 was 8,325 Metric Tonnes valued at Rs.33.00 crores (US\$ 5 Million). There was a decrease of 27% in quantity terms and 26% in rupees term compared to the export of 11,422 Metric Tonnes of Cashew Nut Shell Liquid valued at Rs.44 crores (US\$ 7 Million) during 2016-17.

#### **Domestic production and Import of Raw Cashew nut**

India continued to be the largest producers of raw Cashew nuts in the world. The production of raw Cashew nuts in India

during 2017-18 was 8,17,045 Metric Tonnes as against the estimated production of 7,79,335 Metric Tonnes during 2016-2017. The total raw Cashew nut imported into India during 2017-18 was 6,49,050 Metric Tonnes valued at Rs. 8,850.03 crores compared to the import of 7,70,446 Metric Tonnes valued at Rs.8,839.42 crores during 2016-17. The unit import price for raw Cashew nut was Rs. 136.35 per kg during 2017-18 as against Rs. 114.73 per kg during the previous year (2016-17).

The Council has also initiated research studies in India and abroad to bring out the health and nutritional benefits of consuming cashew.

### **Indian Oilseeds And Produce Export Promotion Council (IOPEPC)**

IOPEPC is mandated for the development and promotion of exports of oilseeds, oils and oilcakes, Indian Oilseeds and Produce Export Promotion Council (IOPEPC), erstwhile known as IOPEA, has been catering to the needs of exporters since last six decades. Besides focusing on exports, the Council also works towards strengthening of domestic supply chain by encouraging farmers, shellers, processors, surveyors and exporters to enhance the quality of oilseeds in India. The council is headed by a Chairman.

The Council places higher emphasis on development of oilseeds, edible oils, oilcakes and other products under its purview. The Council works towards improvement of yield and quality of oilseeds being produced in India so as to match the requirement in global markets.

The Council also organizes workshops for promotion of Good Agricultural Practices (GAP) amongst Indian farmers and training sessions for processing units for adoption of HACCP and Good Manufacturing Practices (GMP).

Regional Meetings at various parts in India are also organized so as to strengthen supply-chain and create awareness regarding the quality issues amongst stakeholders in the trade and industry such as exporters, processors, traders, brokers and service providers in oilseeds and oils sector.

### **Participation in international trade fairs and conferences:**

#### **Sesame Seed Conference, China (I):**

#### **Groundnut and Sesame Seed Conference, Qingdao, China:**

The Groundnut and Sesame Seed Conference was organised by China Chamber of Commerce for Import and Export of Foodstuffs, Native Produce and Animal By-products (CFNA) during 12th –

14th September 2018 in Qingdao, China. On behalf of IOPEPC, Chairman, Shri Sanjay Shah, participated in the event and held a series of discussions with the participants with an objective to enhance the image of India as a quality supplier of Sesame seeds in world market. There were presentations on Sesame seeds by several eminent personalities. Shri Sanjay Shah gave a presentations on “Indian Sesame seed outlook for 2018/19” and “Indian Groundnut outlook for 2018/19”.

**Annual Trade Meet at Mahabalipuram, Tamil Nadu:**

The Annual Trade Meet of IOPEPC was held during 26<sup>th</sup> – 28<sup>th</sup> October, 2018 at Mahabalipuram, Tamil Nadu which was attended by over 250 participants from industry and trade.

The Annual Trade Meet provided an excellent platform to all the stakeholders to discuss, address and seek institutionalized guidance on various issues in addition to providing the fora for networking amongst members of the trade, industry, regulators, scientists and government bodies.

Shri D K Sekar, Zonal Additional DGFT, Chennai was the Chief Guest.

Experts in oilseed trade and industry from China, UAE, Ethiopia, Sudan UK, gave an

overall view of markets, production, demand and supply and price forecast of groundnut and sesame seed. Presentations by eminent Indian experts were made on “Family Business - Survival and tips for the generation next” and “Export Credit Risk Management.” IOPEPC officials also presented very informative view on Global and Indian groundnut scenario along with Indian sesame seed scenario.

**International Conference on oilseeds, Sudan**

The Council participated in the 4<sup>th</sup> International Conference on Oilseeds organized by Sudan Chamber of Commerce at Khartoum, Sudan on 18<sup>th</sup> November, 2018. Shri Sanjay Shah, Chairman, IOPEPC participated in the event and made presentation on Indian sesame seed.

**Conference on Pulses, Oilseeds and Spices, Ethiopia:**

Council has been invited by Ethiopian Pulses, Oilseeds and Spices Processors exporters association (EPOSPEA) to be a distinguished speaker during 8th International Conference on Pulses, Oil seeds and Spices” to be held during 23-24<sup>th</sup> November, 2018 at Addis Ababa, Ethiopia. Shri Khushwant Jain, Vice Chairman, IOPEPC represented the Council and made an excellent presentation aimed at

promoting exports of Sesame seeds from India.

## **Logistics**

In accordance with the decision taken in the CoS meeting on Logistics held at Cabinet Secretariat on 18<sup>th</sup> Oct 2017, an Inter-Ministerial Standing Committee on Logistics with JS level officers from MoRTH, M/o Railways, M/o Shipping, MoCA, CBIC, D/o Posts, PGAs (Plant & Animal Quarantine, Drug Controller, WCCB, FSSAI, Textile Committee etc) was set up. IMSCL has so far held 5 meetings to discuss the important issues pertaining to Logistics, both for EXIM goods as well as important domestic commodities such as Steel & Cement. The decisions taken in these IMSCL meetings have led to reform of number of EXIM processes, thereby reducing Port dwell time as well as improvement of infrastructure at Ports.

Proof of Concept (PoC) on Integrated Logistics e-marketplace has been developed by Logistics division and was presentation to a CoS on 25<sup>th</sup> July 2018 and was well appreciated. A DPR on the Integrated Logistics portal has been prepared and a RFP shall be issued by 15<sup>th</sup> Dec 2018 for selecting an IT partner who shall develop the full-fledged version of the portal.

A Cabinet Note has been sent to Cabinet Secretariat on 6<sup>th</sup> August 2018 for repealing the existing Multi Modal Transportation of Goods Act 1993 and replacing it with a MMTG Bill, 2018. The draft MMTG Bill has been approved by M/o Law & Justice. As per directions of PMO, the draft Bill has now been referred to a Group of Ministers.

A draft Cabinet Note containing the National Logistics Policy, 2018 has been circulated on 27<sup>th</sup> July 2018 for Inter-Ministerial discussion.

Draft Multi Modal Logistics Park (MMLP) Policy has been circulated to M/o Railways, MoRTH, M/o Shipping, D/o Revenue, MoCA and State Governments for seeking their inputs. Thereafter, DCN on MMLP Policy shall be circulated.

MoU was signed with CII on 16<sup>th</sup> Jan 2018 for setting-up an institutional mechanism to obtain inputs from the industry on issues pertaining to Logistics, carry out collaborative activities such as capacity building programs etc.

MoU signed with IIFT for setting up a Centre for Trade facilitation & Logistics (CTFL) at Delhi and Kolkata campuses of IIFT, on 30<sup>th</sup> July 2018. CTFL shall act as a think-tank for Logistics, develop & maintain a data-bank on Logistics, conduct research on issues pertaining to Trade Facilitation &

Logistics and also run professional courses on both. The work on CTFL centre in IIFT Delhi campus is nearing completion and it is likely to be inaugurated by 15 Dec 2018.

A Proof of Concept on a GIS based National Logistics Analytical Tool has been prepared. A RFP shall be issued by 15 Jan 2019 for developing a full-fledged version of this tool for use by policy makers.

This division has started work on developing Logistics Ease across Different States (LEADS-2018) report.

Logistics logo designed by NID Ahmedabad has been released by CIM on 30<sup>th</sup> July 2018.

**As a result of interventions by the Logistics division, the following policy initiatives have been rolled-out by various stakeholder Ministries:-**

- Logistics activities like warehousing, cold chain and MMLP's have been granted infrastructure status by DEA, MoF to allow for easier lending terms for financing.
- Relaxation of Cabotage has been allowed by Shipping Ministry, which will now allow Foreign Flag Vessels to carry domestic cargo between Indian ports. This will significantly reduce the transportation cost via

coastal shipping and promote trans-shipment.

- Shipping Lines now have to mandatorily display their charges and relevant breakdown on their website with links on IPA/MoS website
- Export Dwell Time at JNPT has gone down from 80.28 Hrs to 77.8 Hours on an average between 2016-17 and 2017-18
- Customs Release Time for Imports at JNPT has gone down from 35.35 Hrs to 33.21 Hours on an average between 2016-17 and 2017-18
- Share of RMS Facilitated Bills of Entry at JNPT has gone up from 55% to 60% and from 46% to 52% at ICD TKD on an average between 2016-17 and 2017-18
- Partner Government Agencies such as Plant Quarantine, Wildlife Crime Control, FSSAI, DCGI, etc have now been integrated with SWIFT to streamline EXIM Trade
- Importers can now import perishables and packaged goods under bond with FSSAI. Subject to visual inspection and sampling w.e.f 1<sup>st</sup> May
- Now no NOC is required for export of consignment by a manufacturer

who holds a valid license under the Drugs and Cosmetic Acts and Rules w.e.f 21<sup>st</sup> Mar '18.

- For Import of Drugs of dual use and declared by importer for non-medicinal purposes need not be further referred to customs authorities for further NOC w.e.f 20<sup>th</sup> April '18.

### **Telecom Equipment and Services Export Promotion Council (TEPC)**

Telecom Equipment and Services Export Promotion Council (TEPC) has been set up by the Ministry of Commerce & Industry and Ministry of Communications & IT, Government of India to promote and develop of Export of Telecom Equipment's and Services. The council undertakes several activities aimed at export promotion such as Commissioning of Studies to find potential markets, holding of National/International Seminars and facilitating participation of exporters in various overseas exhibitions.

### **PARTICIPATION IN GLOBAL EXPOSITIONS:**

- ConneCTechAsia 2018, Singapore from 26<sup>th</sup> June – 28<sup>th</sup> June 2018
- Indo Africa ICT Expo 2018, Lagos, Nigeria, 22-23 May 2018
- India ASEAN ICT Expo 2018, 27-28 September 2018, Hanoi, Vietnam

- GITEX Technology Week 2018, 14-18 October 2018, Dubai, UAE

### **EVENTS TO BE ORGANISED:**

- India Telecom 2019 during February 2019 in New Delhi.

### **PROJECT EXPORTS PROMOTION COUNCIL OF INDIA (PEPC)**

Project Exports Promotion Council of India (PEPC), an export promotion council set up by the Government is an apex coordinating agency to facilitate project exports comprising of overseas projects contracted in the following modules:

- CIVIL CONSTRUCTION PROJECTS;
- TURNKEY PROJECTS including engineering, procurement and construction (from concept to commissioning) and essentially includes civil work/ construction and all supplies specific to these turnkey projects;
- PROCESS AND ENGINEERING CONSULTANCY SERVICES; and
- PROJECT CONSTRUCTION ITEMS (excluding steel and cement):
  - Construction Engineering Products (Fittings & Fixtures/Materials)

- Construction Equipment's & Accessories
- Other Project Goods

PEPC acts as an apex co-ordinating agency for the Indian project exporters to secure and execute projects overseas within the framework of the Foreign Trade Policy of Government of India and in line with the guidelines prescribed by the Reserve Bank of India for undertaking overseas projects as detailed in their Memorandum PEM (Project Exports Manual).

### **Electronics and Computer Software Export Promotion Council (ESC)**

Electronics and Computer Software Export Promotion Council (ESC) is mandated to promote India's exports of Electronics, Telecom, Computer Software and IT Enabled Services. ESC offers a varied set of services to its members for accelerating exports. The ESC is an Autonomous Society under control of Ministry of Electronics and Information Technology (MeitY).

**Some of the services of ESC are as follows:**

- Facilitates participation in Global Trade Shows/ Expositions and Conferences.
- Undertakes Market Research/ Studies and publicity Campaigns in overseas markets.

- ESC facilitates business interface between Indian and foreign companies through Buyers-Seller Meets, and locates new business partners for Indian electronics, computer software and IT companies.
- For facilitating foreign trade, ESC provides on-line facility for Data Search.

**PARTICIPATION IN GLOBAL EXPOSITIONS:** ESC organized participation of Indian Electronics and IT companies in the following Global Trade Fairs:

- ICT Expo, 13-16 April 2018, Hong Kong
- Indo-CIS ICT Expo, 24-27 April 2018, Russia
- CeBIT, 11-15 June 2018, Hannover, Germany
- Mobile World Congress, 12-14 September 2018, USA
- Gitex-Dubai, 14-18 October 2018, Dubai, UAE
- Japan IT Week, 24-26 October 2018, Tokyo, Japan
- Electronica, 13-16 November 2018, Munich, Germany

**EVENTS TO BE ORGANISED:**

- India Electronics & Software Expo 2019 (INDIASOFT, India

Electronics Expo and GLOBALSOFT) 4-5 February 2019, Hyderabad

- Cloud Expo, 12-13 March 2019, UK

#### **DOMESTIC ACTIVITIES:**

- (i) Hon'ble Commerce and Industry Minister Shri Suresh Prabhu released ESC's Strategy Paper and Business Plan for augmenting India's Electronics and software exports during May 2018 in New Delhi.
- (ii) Organised participation of members in Indo-Korea ICT Networking Meet on 10<sup>th</sup> July, 2018 in New Delhi.
- (iii) ESC gave a presentation on Export Opportunities and Government Schemes in association with Goa Tech Association on 20<sup>th</sup> July, 2018 in Goa.
- (iv) ESC organized a Seminar on IT Opportunities in Emerging Markets on 24<sup>th</sup> August, 2018 in Bhubaneswar.
- (v) Submitted a Paper on "Electronics Industry in India and Need of the Hour" to Department of Commerce on 07<sup>th</sup> August, 2018. The Paper included WTO compliant incentive schemes for the electronics industry.
- (vi) ESC organised "Punjab Start-Up Summit: Nurturing Talent Harnessing Innovation" on 31<sup>st</sup> August, 2018 in Chandigarh. The idea of Start-Up Summit was to develop the entire eco-system for the growth of the Start Ups in the State.
- (vii) Stakeholders' Consultation Meeting was held in ESC House on 26<sup>th</sup> September, 2018 in New Delhi to discuss Draft Personal Data Protection Bill 2018.
- (viii) Assembly of Caldas (Colombia) IT Delegation visited ESC House on 05<sup>th</sup> September, 2018 in New Delhi to discuss Business Opportunities for Indian IT companies in Caldas and Opportunities for institutional cooperation.
- (ix) In association with Goa Technology Association and Goa Chamber of Commerce and Industry, ESC organised a Presentation on Export Opportunities for ICT Industry on 09<sup>th</sup> October, 2018 in Goa.
- (x) ESC coordinated meetings of Bolivar Group from Colombia with ESC members in Mumbai, Bengaluru and New Delhi during October 2018.



**COMMERCIAL RELATION,  
TRADE AGREEMENTS AND  
INTERNATIONAL TRADE  
ORGANIZATION**

**Chapter 6: Commercial Relation, Trade Agreements and International Trade Organization**

**I. Trade with Asia**

**1. ASEAN REGION**

India announced its 'Look East Policy' in 1991 with a view to seeking greater engagement with East Asian countries. In order to address the economic content of the 'Look East Policy', a continuous dialogue is maintained with ASEAN (Association of South East Asian Nations) countries viz. Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Summit level engagements, Ministerial meetings and official level discussions are held in order to fulfill the Look East Policy agenda.

- ✓ **Singapore:** We have established a Joint Working Group on Trade and Investment with Singapore in pursuance of Joint Statement on the Strategic Partnership between India and Singapore released during visit of Hon'ble Prime Minister to Singapore in November, 2015. Three JWG meetings have taken place on 10 May, 2016; 10th August, 2016 and 24 October 2016.

- ✓ India and Singapore have jointly concluded the 2nd Review of India – Singapore CECA which was officially announced by both sides on 01.06.2018 during Hon'ble PM visit to Singapore. India and Singapore have agreed to: i) expand the coverage of tariff concessions; ii) liberalize the Rules of Origin; iii) include a de minimis provision; and iv) new Product Specific Rules. These improvements will provide more flexibility for our traders, and is expected to boost bilateral trade. Both countries agreed to take the issues requiring further engagement to the next Review.
- ✓ On the sidelines of the 15th AEM –India Consultations, India and Singapore launched the **Third Review** of the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) on 1.9.2018. The third review aims to enhance the CECA to the mutual benefit of both countries. The comprehensive review of the CECA will ensure that it remains an up-to-date agreement that strengthens the economic relations between India and Singapore.

- ✓ **Signing of MRA:** The Indian Nursing Council and the Singapore Nursing Board also signed a Mutual Recognition Agreement on Nursing to facilitate movement of Nursing professionals and for better understanding of each other's standards in regulating the training and practice of nursing.

Singapore recognized seven Indian Nursing under the MRA, paving way for Indian nurses to access Singapore Healthcare Sector. It will also pave way for India to push similar arrangements with other countries in ASEAN.

- ✓ **Myanmar:** Second Edition of Myanmar –India Business Conclave and Round table took place on 22nd March 2018 at Yangon, Myanmar. Attended by Shri C R Chaudhary, Minister of State of Commerce & Industry and Dr Than Myint, Union Minister for Commerce, Government of Myanmar.
- ✓ **Brunei:** The first Joint Trade Committee Meeting between India and Brunei was held on 5th September 2018 at Bandar Seri Begawan, Brunei.

## **2. SOUTH ASIA**

South Asia comprises of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. India is the biggest trading partner for Nepal and Bhutan while for India, Bangladesh is the largest trading partner in South Asia, followed by Nepal, Sri Lanka, Pakistan, Afghanistan, Bhutan and Maldives. A key feature of India's trade in South Asia is that it enjoys a substantial trade surplus with all South Asian countries.

### **Afghanistan**

Under Strategic Partnership Agreement between Afghanistan & India, a Joint Working Group (JWG) on Trade, Commerce and Investment functions between the Ministries of Commerce and Industries of the two countries, at the level of Commerce Secretary, to discuss the issues related to trade and economic co-operation between the two countries. The third meeting of the JWG was held on 25<sup>th</sup> October, 2018 at Kabul, wherein several bilateral trade and connectivity related issues such as land based transit to each other's territory, connectivity through Chabahar port, Air-freight corridor, market access for pharmaceutical products and procurement of rough gemstones etc were discussed.

## **Bangladesh**

The Bilateral Trade Agreement between India and Bangladesh provides for expansion of trade and economic cooperation but does not prescribe any preferential tariffs for the imports of products into the other country. India has provided zero duty access to Least Developed Countries (LDC) members of SAFTA for all tariff lines, except for 25 lines related to liquor and tobacco. Bangladesh being a LDC enjoys preferential access to Indian market under SAFTA.

Minister of Commerce and Industry made a highly successful visit to Dhaka on 25-27 September 2018. In the meeting with Commerce Minister of Bangladesh, both countries discussed a variety of trade, investment and connectivity related issues of mutual interest, including, inter-alia, undertaking a joint study on the prospects of entering into a bilateral Comprehensive Economic Partnership Agreement (CEPA) covering goods, services and investment, expediting the constitution of a India-Bangladesh CEO Forum for providing policy level inputs relating to trade and investment issues, enhancing border trade infrastructure development between the two countries, capacity building of officials of Bangladesh etc.

## **Bhutan**

The trade between India and Bhutan is governed by Agreement on Trade, Commerce and Transit which prescribes free trade between the two countries. No Basic Customs Duty is levied on import of any product from Bhutan or export to Bhutan. Further, the trade is carried out in Indian Rupees and Bhutanese currency (Ngultrums). The Agreement also provides transit facilities to landlocked Bhutan to facilitate its trade with third countries and movement of goods from one part of Bhutan to another through Indian Territory.

A meeting on trade and transit related issues between India and Bhutan at the level of Commerce Secretary was held on 17-18, May, 2018 at Thimphu, Bhutan, wherein a large number of trade and transit related issues such as opening of entry point with Nepal for Bhutan's transit trade through railways, additional points of entry for import of plant products, problems being faced by Indian businessmen, etc were discussed.

On Bhutan's request and for facilitation of bilateral trade, new Land Customs Stations (LCSs) have been notified. Efforts are being made to facilitate export of food commodities and plant and plant products

from Bhutan by identifying and resolving infrastructural and procedural issues at the border crossing points.

Efforts have been made to analyze and resolve the issues affecting bilateral and transit trade on account of the introduction of GST, as identified by Bhutan.

### **Nepal**

The bilateral trade between India and Nepal is governed by the India-Nepal Treaty of Trade, which was last renewed on 27th October 2016 for a further period of seven years. Under the Treaty, India has provided duty free access to almost all the products imported from Nepal, except few products relating to tobacco, perfumes and cosmetics and alcohol. Some tariff rate quotas are applicable on the import of four products- Vegetable fats, Acrylic yarn, Copper products and Zinc Oxide from Nepal. Both countries have agreed to undertake a comprehensive review of the Treaty of Trade. The first meeting for the review was held in August 2018 and the basic issues pertaining to the review were identified.

### **Sri Lanka**

The India-Sri Lanka Free Trade Agreement (ISFTA) has been in operation since 1st March, 2000. Under this Agreement, both countries agreed to phase out trade tariffs from each other within a fixed time frame except for those items in the Negative List

of each other. India has provided duty-free access to almost all the lines, except a few lines on which 25% duty concessions are provided and on 417 products on which no concessions are given. Tariff rate quotas have been prescribed by India on import of apparel, tea, pepper, desiccated coconut and Vanaspati, bakery shortening and margarine from Sri Lanka. Under ISLFTA, Sri Lanka has provided duty-free access for almost all the products except 1220 products, on which no tariff concessions have been provided under ISLFTA.

### **Iran**

Currently there is no bilateral Trade Agreement with Iran. A Joint Working Group (JWG) between the Ministry of Commerce and Industry in India and the Ministry of Industry, Mine & Trade in the Islamic Republic of Iran is functioning at the level of Commerce Secretary to discuss the issues related to bilateral trade between the two countries. In the last meeting of the JWG, both sides agreed to commence text based negotiations for the Preferential Trade Agreement (PTA).

Efforts are also being made to address the emerging challenges affecting India-Iran bilateral trade as a consequence of international developments.

## **Pakistan**

There is no bilateral agreement between India and Pakistan. The bilateral trade mainly takes place under the Agreement of South Asian Free Trade Area (SAFTA). No bilateral meeting on trade related issues has taken place in recent past. However, issues identified by the industry, adversely affecting bilateral trade are being raised with Pakistan through diplomatic channels.

## **Maldives**

The bilateral trade between India and Maldives is facilitated by a Trade Agreement between the two countries. The agreement does not prescribe any preferential tariffs for the imports of products into the other country, and is only a facilitative mechanism for enhancement of bilateral trade. Under the provisions of the Agreement, India facilitates provision of essential commodities to Maldives. The relevant Notifications for this purpose were processed and issued in June 2018.

## ***3. NORTH EAST ASIA***

### **Trade Agreements**

#### **India-Korea CEPA**

A Comprehensive Economic Partnership Agreement (CEPA) between India and Republic of Korea was signed on 7<sup>th</sup> August 2009 which came into force from 1<sup>st</sup> January 2010. The two sides commenced

negotiations for upgradation of CEPA in 2016. The negotiations are still underway with 6<sup>th</sup> round of negotiations held on 20-21 June 2018 in New Delhi.

#### **India-Japan CEPA**

A Comprehensive Economic Partnership Agreement (CEPA) between India and Japan was signed on 16<sup>th</sup> February 2011 which came into force from 1<sup>st</sup> August 2011. Under the institutional mechanism of CEPA, 4<sup>th</sup> Joint Committee meeting at Secretary level was held on 4<sup>th</sup> August 2017 in Tokyo and the 5<sup>th</sup> Joint Committee meeting is scheduled to be held in December 2018 in New Delhi.

#### **Recent Trade Related Activities**

President of the Republic of Korea (ROK) Moon Jae-in paid a State Visit to India from July 8-11, 2018. On the sidelines of the visit, Mr. Suresh Prabhu, Commerce and Industry Minister of India and Korean Minister for Trade, Industry & Energy signed two MoUs on 9<sup>th</sup> July 2018 - MoU on Trade Remedy Cooperation and MoU on Future Strategy Group. The MoU on Trade Remedy Cooperation will promote cooperation between the two countries in the area of trade remedies viz. anti-dumping, subsidy and countervailing and safeguard measures, which will enhance the bilateral trade relations. The purpose of MoU for establishing an India-Korea Future Strategy

Group is to promote bilateral cooperation in the fields of applied science and industrial technologies for the purposes of promoting sustainable development and enhanced quality of life.

Prime Minister Narendra Modi visited Japan on October 28-29, 2018 for India-Japan Annual Summit with Japanese Prime Minister Shinzo Abe.

Prime Minister Narendra Modi visited China to hold first Informal Summit with Chinese President Mr. Xi Jinping in Wuhan on April 27-28, 2018, to exchange views on overarching issues of bilateral and global importance, and to elaborate their respective visions and priorities for national development in the context of the current and future international situation. The two leaders agreed to push forward bilateral trade and investment in a balanced and sustainable manner by taking advantage of complementarities between their two economies.

Prime Minister Modi again visited China from 9-10 June, 2018 to participate in 18<sup>th</sup> SCO Summit. During the visit, a protocol on phytosanitary requirements for exporting rice from India to China was also signed between the two sides.

An Indian delegation led by Commerce & Industry Minister visited Shanghai, China for participating in China International

Import Exposition (CIIE) during 4-6 November 2018. It was succeeded by a meeting of Indian delegation with Vice Minister, MOFCOM, China on 6th November, 2018 on market access issues for agricultural products.

#### *4. ECONOMIC AND SOCIAL COMMISSION FOR ASIA & THE PACIFIC (ESCAP)*

India is one of the founding members of ESCAP, the regional development arm of the United Nations, which serve as the main economic and social development centre for the United Nations in Asia and Pacific. With a membership of 62 Governments, 58 of which are in the region, and a geographical scope that stretches from Turkey in the west to the Pacific island nation of Kiribati in the east, and from the Russian Federation in the north to New Zealand in the south, ESCAP is the most comprehensive of the United Nations five regional commissions. It is also the largest United Nations body serving the Asia-Pacific region.

Established in 1947 with its headquarters in Bangkok, Thailand, ESCAP seeks to overcome some of the region's greatest challenges. It carries out work in the following areas:

- Macroeconomic Policy and Development

- Statistics
- Sub regional activities for development
- Trade and Investment
- Transport
- Environment and sustainable development
- Information and Communications Technology and Disaster Risk Reduction
- Social Development

### **Annual Session of ESCAP**

The 73<sup>rd</sup> Session of ESCAP comprise of the Senior Officials segment and the Ministerial segment was held in Bangkok, Thailand from 11<sup>th</sup> to 16<sup>th</sup> May 2018.

### **NAFTA**

#### **USA**

There are primarily two institutional mechanisms for promotion of Trade and Investment between India and USA.

**India-US Commercial Dialogue:** The India — USA Commercial Dialogue (CD) was signed on March 23, 2000 as an institutional arrangement between USA Department of Commerce (US DoC) and Department of Commerce (DoC) facilitating trade and maximizing investment opportunities across a broad range of economic sectors. In 2015 the 'Commercial Dialogue' and 'Strategic

Dialogue' are merged to form 'Strategic and Commercial Dialogue (S&CD)' and 1st India-US S&CD was held in September, 2015 at Washington D.O and 2nd India-US S&CD was held in August, 2016 at New Delhi. India-US Chief Executive Officers (CEOs) Forum forms an organic link guiding the agenda for the Commercial Dialogue. To facilitate better focus on trade and commercial relations, the Commercial Dialogue has now been delinked from S&CD and restructured to avoid duplication and overlap of subjects dealt under Trade Policy Forum and Commercial Dialogue. The first session of Commercial Dialogue was held in October, 2017 at Washington D.C

**India-US Trade Policy Forum:** India-US Trade Policy Forum (TPF), announced in July, 2005, is designed to expand bilateral trade and investment relations between India and the United States. This Forum has been instrumental in creating an institutional mechanism to resolve a host of trade issues, amicably, between the two nations. It has provided a good platform for interaction on market access to each other's commodities, sort out procedural bottlenecks, discuss investment opportunities and pursue collaboration in the areas of Intellectual Property Rights (IPRs). The 11<sup>th</sup> TPF meeting was held in October, 2017 at

Washington D.C. with its working groups on Trade and Market Access and Intellectual Property. To bring in sharpness of focus and avoid duplicity with Commercial Dialogue, appropriate restructuring was done focusing on issues with clear deliverables. Indian side was led by Minister for Commerce and Industry, Mr. Suresh Prabhu and from the U.S. side Mr. Robert E. Lighthizer, USTR led the delegation.

## **CANADA**

### **India-Canada Trade Policy**

**Consultations:** Annual Trade Policy Consultations (TPCs) were formalized in October 2003 providing an effective platform to deal with trade barriers and explore new areas of economic cooperation. The 7th Meeting of the India-Canada Trade Policy Consultations was held in October, 2010 in New Delhi at the level of the Commerce Secretary (India) and Deputy Minister of International trade (Canada). No Meetings has been held thereafter.

### **India-Canada Annual Ministerial**

**Dialogue:** During the visit of Prime Minister to Canada in June, 2010 it was agreed for an annual ministerial dialogue (AMD) on Trade and Investment between Canada's Minister of International Trade and India's Minister of Commerce and Industry and the first AMD was held at Ottawa in September, 2010. 4th India-Canada AMD was held on

13th Nov, 2017 at New Delhi. The Indian Delegation was led by Shri. Suresh Prabhu, Minister for Commerce and Industry while the Canadian side was headed by Mr. Francois-Philippe Champagne, Minister for International Trade.

Canada is an important partner of India in the NAFTA region with a mutual trade of \$ 7.2 billion which is much below the potential between the two robust economies, despite huge potential. To realize the full potential of bilateral trade and investment, both the nations agreed to renew efforts to expand and diversify bilateral economic and commercial relations during the visit of Canadian Prime Minister Right Honourable Justin Trudeau in February, 2018. There was significant progress on some of the important issues such as Canadian concerns on derogation of pulses and systems approach as alternative to fumigation and India's pending request for organic equivalence, during the current financial year.

### **India-Canada Comprehensive Economic**

**Policy Agreement (CEPA):** The launch of India-Canada CEPA negotiations announced by PMs of both the countries in Seoul and formally launched in November 2010 at New Delhi, following the release of the Canada-India Joint Study Report, in September 2010. Agreement covers Trade in

Goods, Trade in Services, Rules of Origin, Sanitary and Phytosanitary Measures, Technical Barriers to Trade and other trade areas and economic cooperation. So far, Ten Rounds of Negotiations have been held till date and the modalities on goods side have been agreed at tariff lines stage.

## **MEXICO**

**India Mexico BHLG:** A Memorandum of Understanding (MOU) was signed between India and Mexico on 21st May, 2007 at New Delhi by the then Minister of Commerce and Industry and Minister of Economy, Mexico for the establishment of a Bilateral High Level Group (BHLG) on Trade, Investment and Economic Cooperation. The BHLG mainly include promoting bilateral cooperation, maintaining liaison in the economic, commercial, technical and other related fields and information exchange. The BHLG helped in engaging with Mexico on many issues concerning trade and possibilities for partnerships in promoting investment in sectors like telecom, IT, Pharmaceutical, Tourism, etc.

India's exports to Mexico in recent years have grown significantly from US \$ 2.2 billion in 2013-14 to US \$ 3.8 billion in the year 2017-18. Mexico is going to be a promising destination to enhance Indian exports in the changed global trade scenario and changing trading pattern of Mexico

(which till recently, largely limited to trade with United States and Latin American countries). Appropriate measures initiated including promotion of Export Promotion Councils for aggressive penetration by way participating in the trade shows.

## **III. Trade with Europe**

### **EUROPEAN UNION (EU)**

The EU as a bloc of 28 countries is an important trading partner of India. From having a trade deficit with EU earlier, India now has a trade surplus (US\$ 53.7 bn exports vs. US\$ 47.5 bn of imports for 2017-18). (*Source: DGCI&S*)

Important issues in India's trade with the EU are sanitary and phyto-sanitary standards, technical barriers, complex system of quota/tariff, anti-dumping/anti-subsidy measures against Indian products, etc. These issues have a bearing on market access for India's exports to the EU. These issues are regularly taken up in the Joint Working Groups and the Sub-Commission on Trade. Issues affecting trade with individual European countries are also taken up at the bilateral fora in the form of Joint Commissions.

India-EU bilateral relations are periodically reviewed at the highest level by the India-EU Joint Commission. The 24<sup>th</sup> Session of India-EU Joint Commission Meeting was held on

14<sup>th</sup> July, 2017 at Brussels. Further, there are three Sub-Commissions on Trade, Economic Cooperation and Development Cooperation and seven Joint Working Groups on agriculture and marine products, textiles, steel, food processing industries, pharmaceuticals & biotechnology, Customs Cooperation and technical barriers to trade (TBT)/Sanitary and Phyto-sanitary (SPS) issues are functioning. The last meeting of India-EU Sub Commission on Trade was held on 6<sup>th</sup> June, 2018 at New Delhi.

#### **INDIA-EU BTIA NEGOTIATIONS**

In September, 2005, the 6<sup>th</sup> India-EU Summit held in New Delhi decided to establish a High-Level Trade Group (HLTG) to explore ways and means to broaden the economic relationship and explore possibility of a trade and investment agreement, viz., Broad-based bilateral Trade and Investment Agreement (BTIA). 16 rounds of negotiations took place from 2007 till 2013. The negotiations remained suspended for a couple of years.

Efforts to revise negotiations have started since January, 2016 and 8 meetings have happened between the Chief Negotiators. The last meeting between the Chief Negotiators was held on 7<sup>th</sup> June, 2018 in New Delhi.

Recently, Commerce Secretary-Director

General (Trade) of EU meeting was held on 15<sup>th</sup> November, 2018 in Brussels and way forward was discussed for India-EU BTIA. The meeting brought out the necessity to take stock of unfulfilled ambitions on both sides and balance the sensitivities that exist.

#### **INDIA – EFTA TEPA NEGOTIATIONS**

EFTA Trade bloc consists of Switzerland, Norway, Iceland and Liechtenstein. India and EFTA had initiated a dialogue on Trade and Economic Partnership Agreement (TEPA) in October, 2008. Negotiations are held in 14 tracks/chapters viz. Government Procurement, Dispute Settlement, Competition, Trade Facilitation, Investment Sustainable Development, Sanitary and Phyto-sanitary Measures, Technical Barriers to Trade, Trade Remedies, Trade in Goods, Trade in Service, Rules of Origin, Legal and Horizontal Provision and Intellectual Property Rights which both sides committed to resolve in a time-bound manner. So far, 17 rounds of negotiations have been held. The last round was held from 18<sup>th</sup> to 21<sup>st</sup> September, 2017. India is committed to a balanced agreement with EFTA.

#### **Institutional Mechanism**

India has established Institutional mechanism with several European countries viz. UK, France, Spain, Italy, Portugal, Belgium-Luxembourg, Switzerland, Czech Republic, Slovak

Republic, Serbia, Croatia, Slovenia, Austria,, Bulgaria, Bosnia & Herzegovina, Cyprus, Finland, Greece, Romania and Turkey as well as the EU.

- India-EU summit is held (at the PM level) annually alternatively at India and the EU. The 14<sup>th</sup> India-EU Summit was held on 6<sup>th</sup> October, 2017 in New Delhi.
- India-EU JCM is held annually, alternatively in India and Belgium. The last JCM (24<sup>th</sup> session) was held in Brussels on 14<sup>th</sup> July, 2017. The three Sub Commissions on Trade (India lead D/o Commerce; held on 06.06.2018), Economic Cooperation (India lead D/o Commerce; held on 11.04.2018) and Development Cooperation (India lead DEA; held on 3.6.2014) feed into the India and EU JCM.

### **Joint Commission Meetings**

The 17<sup>th</sup> Session of the Indo French Joint Committee Meeting (JCM) was held on 24<sup>th</sup> October, 2017 in Paris. The Indian delegation was led by Shri C.R Chaudhary, Hon'ble Minister of State for Commerce and Industry and the French delegation was led by Mr. Jean-Baptiste Lemoyne, Minister of State for Europe and Foreign Affairs. A wide range of issues including current economic situation and future prospects of both the countries,

status of bilateral trade along with global scenario and market access issues were discussed.

The Mid- term review of 15<sup>th</sup> Session of the Joint Economic Commission meeting between India and Belgium Luxembourg Economic Union (BLEU) was held through DVC on 3<sup>rd</sup> May, 2018.

**16<sup>th</sup> session of India-Switzerland Joint Economic Commission (JEC)** was convened in New Delhi on 23<sup>rd</sup> February, 2018. The meeting was co-chaired by Ms. Anita Praveen, Joint Secretary, Department of Commerce and Ms. Livia Leu, Ambassador and Head of Bilateral Relations, State Secretariat for Economic Affairs of the Swiss Confederation. In the said session, with a view to enhancing bilateral trade and investment, the JEC reviewed the global and domestic economic situation, bilateral trade & investment and participation by the private sectors' companies at international fairs and exhibitions. The JEC also discussed cooperation in various sectors, viz. Investment, Heavy Industry, MSME, Chemical and Petro-chemicals, Ayurveda and Traditional Medicine, Pharmaceuticals, Tourism etc. and the problems faced by the private sector companies of both the countries.

**18<sup>th</sup> Session of India-Bulgaria Joint Commission for Economic, Scientific and Technical Cooperation (JCESTC)** was held in New Delhi on 6<sup>th</sup> March, 2018. The technical session was led by Ms. Anita Praveen, Joint Secretary, Department of Commerce from the Indian side and by Ms. Adelina Kioseva, Ministry of Economy from the Bulgarian side. The protocol was signed by Ms. Rita Teatonia, Secretary, Department of Commerce from the India side and by Mr. Alexander Manolev, Deputy Minister of Economy from the Bulgarian side. In the said session, with a view to enhancing bilateral trade and investment the JCESTC reviewed the global and domestic economic situation and bilateral trade & investment. The JCESTC inter alia discussed collaboration in the field of Innovation and Startups, and cooperation in various sectors, viz. Agriculture, Animal Husbandry, Transport, MSME, Energy, Steel, Forestry, Information and Communication Technology (ICT) and Tourism.

**11<sup>th</sup> India-Czech Republic Joint Commission on Economic Cooperation (JCEC)** meeting was held in Prague on 22-23 October, 2018, co-chaired by Shri C. R. Chaudhary, MoS(C&I) and Czech Minister of Industry and Trade, Ms. Marta Novakova. India and Czech Republic held constructive discussion during the meeting of the Joint

Commission. The two sides updated each other about global developments, particularly in trade, and also developments in their respective economies. Discussions were held on the following broad topics: Trade and Investment, Engineering and Industrial Machinery, Energy including nuclear and renewable energy, Mineral Resources and Mining Industry, Defence Industry, Information Communication Technology (ICT), Pharmaceuticals, Medical Equipment and Chemicals, AYUSH, Infrastructure Development, Agricultural Products, Environmental and Agricultural Technologies, Scientific and Technical Cooperation, India EU BTIA Negotiations, Agreement on Protection and Promotion of Investment, WTO Modernisation, Visa Issues, Tourism, Standardization and Metrology.

#### **Bilateral Meetings**

Hon'ble Prime Minister had bilateral meeting with:

- H.E. Mr. Doris Leuthard, President of Switzerland in Davos, Switzerland on 23-26 January, 2018 on the sidelines of Annual Meeting of World Economic Forum, 2018.

Hon'ble Commerce and Industry Minister had bilateral meetings with:-

- Swiss Federal Councilor Johann Schneider Ammann on 23-26 January, 2018.
- Czech Minister of Industry and Trade H.E. Mr. Thomas Huner on 5<sup>th</sup> March, 2018 in New Delhi.
- Estonian Minister of Entrepreneurship and IT, H.E. Ms. Urve Palo accompanied by the Estonian Ambassador in New Delhi, H.E. Mr. Riho Kruuvon 9<sup>th</sup> March, 2018 in New Delhi.
- Icelandic Foreign Minister H.E. Mr. Gunnar Bargi Sveinsson on 5<sup>th</sup> April, 2018 in New Delhi.
- Minister for Foreign Trade and Development of Finland H.E. Anne-Mari Virolainen on 30<sup>th</sup> November, 2018 in New Delhi.

Hon'ble Minister of State (Commerce & Industry) Shri C.R. Chaudhary had bilateral meetings with:-

- Mr. Jean-Yves Le Drian , Minister of Europe and Foreign Affairs, France
- Mr. Benjamin Griveaux, Minister of State for Economy, France

#### **IV. Commonwealth of Independent States**

The 5<sup>th</sup> Session of India-Azerbaijan Intergovernmental Commission on Trade, Economic, Scientific and Technological Cooperation was held during October 11-12, 2018 in New Delhi under the Co-chairs of Hon'ble Minister of Commerce and Industry of the Republic of India Shri Suresh P. Prabhu and H.E. Mr. Mukhtar Babayev, Minister of Ecology and Natural Resources, on behalf of the Government of the Republic of Azerbaijan.

The 11<sup>th</sup> Session of Uzbekistan-India Intergovernmental Commission on Trade, Economic, Scientific and Technological Cooperation was held during August 16-18, 2018 in Tashkent under the Co-chairs of Deputy Prime-Minister of the Republic of Uzbekistan, Chairman of the State Committee of the Republic of Uzbekistan for Investment, H.E. Mr. S.R. Kholmuradov and Hon'ble Minister of Commerce and Industry of the Republic of India Shri Suresh P. Prabhu.

The 6<sup>th</sup> Session of India-Kazakhstan Joint Working Group on Trade and Economic Cooperation meeting was held on 12<sup>th</sup> July, 2018 in Astana, Kazakhstan under the Chairmanship of Shri Bidyut Behari Swain, Additional Secretary, Department of Commerce, Government of India and H.E. Mr. Kairat Torebayev, Director of the Department for International Cooperation,

Ministry of National Economy of the Republic of Kazakhstan.

The 23<sup>rd</sup> Session of India-Russia Joint Working Group on Trade and Economic Cooperation meeting was held on 22<sup>nd</sup> May, 2018 in Moscow, Russia under the Co-chair of Ms. Rita Teatota, Commerce Secretary, Government of India and H.E. Mr. Alexey Gruzdev, Deputy Minister of Economic Development of the Russian Federation.

FTA between India-Eurasian Economic Union (EaEU): The extent and scope of trade agreement with EaEU is being decided. Joint Feasibility Study to explore the possibility of FTA with Georgia has been completed and a Joint Protocol to commence negotiations for Free Trade Agreement has been signed on 11<sup>th</sup> January, 2019. Joint Action Strategy is being prepared by the IIFT, New Delhi and All Russian Trade Academy to boost the bilateral trade between India and Russia.

#### **V. Latin American & Caribbean (LAC)**

##### **India-Chile PTA and its expansion**

- As a follow up to the Framework Agreement with Chile, India-Chile PTA was signed in March, 2006 which came into force with effect from August, 2007. In the PTA, Indian offer to Chile included fixed tariff preferences ranging from 10% to 50% on 178 tariff lines at the 8-digit level.

The Chilean offer to India included tariff preferences on 296 tariff lines at the 8- digit level ranging from 10% to 100%.

- Major products on which India has offered tariff concessions included wood and plywood articles, chemicals, some industrial products etc. whereas the Chilean offer included tariff concessions on chemicals and pharmaceuticals, textiles & clothing, rubber & miscellaneous, dyes and resins, footwear etc.
- Due to the limited coverage, the PTA, signed by India with Chile on March 8, 2006, has been expanded and the expanded PTA was implemented with effect from 16.5.2017.
- In the expanded PTA, India has increased its tariff lines from 178 to 1031 at HS Code 2012 offering concessions to Chile ranging from 10% to 100%. The major sectors where concession have been offered by India are animal & vegetable products, animal & vegetable fats, prepared food stuffs, mineral products, chemical products, plastic & rubber, hides & skins, wood & pulp products, textiles, articles of stones, plaster, cement, pearls, base metal, machinery,

transportation equipment, Optical, misc.

- On the other hand, Chile has expanded its tariff lines from 296 to 1784 at HS code 2012 and has offered concessions ranging from 30% to 100%. The major product sectors wherein concessions have been offered to India are animal & its products, vegetable products, animal & vegetable fats, prepared food stuffs, mineral products, chemical products, plastic & rubber, hides & skins, wood & pulp products, textiles, footwear, articles of stone, pearls, base metal, machinery, vehicle, measuring instruments and misc. products.

#### **India-MERCOSUR PTA & its Expansion**

- As a follow up of the Framework Agreement signed on 17th June, 2003 at Asuncion, Paraguay, India-MERCOSUR (a trading bloc in South America region originally comprising of Brazil, Argentina, Paraguay and Uruguay) PTA was signed in New Delhi on January 25, 2004 which came into effect from 1st June, 2009.
- Under the existing PTA, India had offered margin of preference (MoP) to MERCOSUR on 450 tariff lines

ranging from 10%-100%, where the latter had offered MoP on 452 tariff lines to India ranging from 10%-100% at 8-digit level.

- In order to deepen and widen the scope of the existing PTA, the PTA is being expanded. For expansion of the existing PTA, both sides exchanged their initial offer of 434 tariff lines at 8-digit level on 14.9.2017. As the process of expansion was not moving forward after the initial offers exchanged by both sides on 14.9.2017, a meeting with Ambassadors of Mercosur countries was convened by JS(SM) on 9.5.2018 for expediting the process of expansion of the PTA. Following this meeting, a letter has also been sent from Hon'ble CIM to his counterparts in MERCOSUR countries 23.5.2018 so as to expedite the process of expansion of the PTA.

#### **India-Peru Trade Agreement**

- A Joint Study Group (JSG) between India and Peru was constituted on 15th January, 2015 to explore the possibility for entering into FTA with Peru. The JSG finalized and signed the report on 20th October, 2016. The Cabinet in its meeting

held on 18th January, 2017 approved holding negotiations for Trade Agreement with Peru covering trade in goods, services and investment. The Terms of Reference (ToRs) for negotiations for trade agreement were finalized on 8th March, 2017 during the visit of Mr. Edgar Vasquez, Vice Minister of Peru in New Delhi.

- The negotiations for a Trade Agreement with Peru have been started. As of now, three rounds of negotiations have been held. The last (3rd round) was held in New Delhi, India during 4-8 December, 2018.
- Both sides exchanged their respective Wish Lists on 28.3.2018 before the 2nd round. Indian Wish List exchanged with Peru contains 3396 tariff lines at 10-digit level as per Peruvian Tariff Nomenclature whereas the Peruvian Wish List contains 5000 tariff lines at 8-digit level as per Indian Tariff Nomenclature.
- The next round of negotiations is scheduled to be held in March 2019 in Lima, Peru.

#### **Trade Agreement with Ecuador**

- As a follow up of first meeting of the Joint Economic and Trade Committee (JETCO) co-chaired by Commerce Secretary held in Ecuador on 17th May, 2017, both sides agreed to explore the possibility for entering into a Preferential Trade Agreement. The process for Joint Study to explore the possibility of a trade agreement is under way.

#### **Trade Agreement with Colombia**

- During the 3rd meeting of India-Colombia Joint Committee on Business Development Cooperation held in Bogota, Colombia on 19th May, 2017, both sides decided to explore the potential framework to be adopted for a trade agreement. Discussions with Colombia are underway for undertaking a joint study.

#### **VI. Trade with Oceania Region**

The FT (Oceania) Division deals with India's bilateral trade relations with Australia, New Zealand and 12 Pacific Small Islands Developing States (PSIDS) viz Fiji, Papua New Guinea, Kiribati, Micronesia, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

**India's major trade activities in the Oceania region are:**

**(I) Australia**

**(a) India-Australia CECA negotiations**

India is negotiating Comprehensive Economic Cooperation Agreement (CECA) covering trade in goods, services, investment and related issues. Nine rounds of negotiations have been held so far. The 1<sup>st</sup> round was held in July, 2011 and the latest round i.e. 9<sup>th</sup> Round was held during 21-23 September, 2015 in New Delhi.

**(b) India Australia Joint Ministerial Commission (JMC) Meeting**

The Last 15<sup>th</sup> India-Australia Joint Ministerial Commission (JMC) Meeting was held at Canberra, Australia on 25<sup>th</sup> June, 2018. The Agenda for the meeting, inter-alia, included presentation on the India Economic Strategy; ways to enhance two-way trade and investment between the two countries and issues mutual market access issues in certain products of interest to both countries. One of the important outcome of the meeting was decision to have greater collaboration between Austrade (the Australian Trade and Investment Commission, or Austrade, is the Australian Government's trade, investment and education promotion agency) and Invest-India (which is the National Investment Promotion and Facilitation Agency of India)

which has culminated in signing of a MoU between them on 22.11.2018 to facilitate bilateral investment flows.

**(II) New Zealand**

**India-New Zealand CECA negotiations:**

India is negotiating Comprehensive Economic Cooperation Agreement (CECA) covering trade in goods, services, investment and related issues. Ten rounds of negotiations have been held so far. The 1<sup>st</sup> round was held in April, 2010 and the latest round i.e. 10<sup>th</sup> round was held on 17-18 February, 2015 in New Delhi.

**VII Trade with West Asia and North Africa (WANA)**

The West Asia and North Africa (WANA) region comprises of 19 countries. These are:

- (i) Six Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates),
- (ii) Six West Asian countries (Iraq, Israel, Jordan, Lebanon, Yemen and Syria) and
- (iii) Seven North African countries (Algeria, Egypt, Libya, Morocco, Sudan, Tunisia and South Sudan).

The United Arab Emirates (UAE) ranks first among the destinations for India's exports in the WANA region and among the GCC countries. The other major destinations in

the WANA region include Saudi Arabia, Israel, Egypt and Oman.

### **VIII Trade with Africa**

#### **Eighth Session of the India-Kenya Joint Trade Committee**

Eighth Session of the India-Kenya Joint Trade Committee was held in Nairobi, Kenya on 23<sup>rd</sup>-24<sup>th</sup> August, 2018. The Indian delegation was led by, Minister for Commerce & Industry and Civil Aviation, Government of the Republic of India. The Kenyan delegation was led by H.E Mr. Peter Munya, Cabinet Secretary (Minister) for Ministry of Industry, Trade and Cooperatives, Government of the Republic of Kenya.

During the meeting, discussions were held on various areas such as cooperation in the field of MSME, Agriculture, ICT, Tourism, Administration of Standards, Development of Human Resources in Higher Education, Science & Technology, Investment Promotion and Protection, Air Services, Energy, Plastics, Textile, Pharmaceuticals, Oil & Gas, Health, Immigration, Automobile and other engineering products,

#### **India-Mauritius CECPA negotiations:**

4<sup>th</sup> round of the India Mauritius CECPA negotiations held on 17-19 April, 2018 in New Delhi

5<sup>th</sup> round of the India Mauritius CECPA negotiations held on 9-11 July, 2018 in Mauritius.

The 6<sup>th</sup> round of India-Mauritius CECPA negotiations was held in New Delhi from 26-28 September, 2018.

7<sup>th</sup> round of India-Mauritius CECPA negotiations was held in Mauritius during 19-23 November, 2018. During these rounds, negotiations were held cutting across trade in Goods, trade in Services and General Economic Cooperation.

#### **CII-EXIM Bank Regional Conclave**

CII-EXIM Bank Regional Conclave on India and West Africa Project Partnership was held from 8-9 October, 2018 in Nigeria. Indian delegation led by the Hon'ble MoS visited Mauritius to inaugurate the Regional Conclave.

#### **Trade Cooperation Framework between India and Rwanda.**

Trade Cooperation Framework between the Government of the Republic of India and Government of Republic of Rwanda was signed on 23<sup>rd</sup> July, 2018 during Hon'ble PM's visit to Rwanda.

### **IX International Trade Organizations**

#### **World Trade Organization**

1. Eleventh Ministerial Conference of the WTO (MC11) was held in Buenos Aires, Argentina from 10 to 13 December 2017. In the run-up to MC11, decisions were

expected on a permanent solution on food security, other agriculture issues and fisheries subsidies. Some of the Members were also pushing for outcomes in the area of e-commerce and domestic regulations in the services negotiations, investment facilitation and Micro, Small & Medium Enterprises (MSMEs).

2. As there were wide differences among members, with a few members not supporting acknowledgment and reiteration of key underlying principles guiding the WTO and various agreed mandates, Ministers could not arrive at an agreed Ministerial Declaration and no substantial Ministerial Decision could be taken. There was, however, wide support for the multilateral trading system and the commitment to move forward on various areas of work in the WTO.

3. During the Conference, Ministerial decisions were taken on a Work Programme on disciplines on Fisheries Subsidies with a view to arriving at a decision by the Twelfth Ministerial Conference (in June 2020). It was also decided to continue with the non-negotiating mandate of the existing Work Programme on E-commerce. As was done in the last Ministerial conferences, an existing moratorium on imposing customs duties on electronic transmission was extended for two years along with another

moratorium on TRIPS non-violation complaints, which, *inter alia*, prevents 'ever-greening' of patents in the pharmaceuticals sector, thereby ensuring accessibility and affordability of generic medicines.

4. Ministerial Decisions on new issues like Investment Facilitation, MSMEs (Micro, Small and Medium Enterprises), gender and trade, which lacked a mandate or consensus, were not taken forward. While there was no movement on the Doha Development issues, which are very important for the developing countries, some of the proponents have issued Joint Statements for further work on MSMEs, E-commerce, Domestic Regulations disciplines in Services Negotiations and Investment Facilitation, which they will need to first establish linkages with trade and further, negotiations on such issues can be launched only if all WTO Members agree to do so.

5. At MC11, India stood firm on its stand on the fundamental principles of the WTO including multilateralism, rule-based consensual decision-making, an independent and credible dispute resolution and appellate process, the centrality of development and special and differential treatment for all developing countries. India is committed to preserving and promoting the WTO and the

multilateral trading system with a view to taking the agreed agenda of the WTO forward.

### **Informal Ministerial Gathering New Delhi**

6. In order to continue political engagement on the multilateral trade issues in the aftermath of MC11, India hosted a two-day Informal WTO Ministerial Meeting in New Delhi on 19-20 March 2018. Ministers and officials from 52 member countries of the World Trade Organisation (WTO) and the Director General of the WTO attended the meeting. Discussions were held with the aim of providing political guidance for further work in the WTO and the way forward on development.

7. Participants stressed on the need to preserve and enhance the functioning and credibility of the rules-based multilateral trading system as embodied in the WTO. Majority of the participants sought expeditious and immediate resolution of the impasse in the appointment of Appellate Body members - an issue that was viewed to be adversely affecting the credibility and functioning of the WTO. In many interventions deep concern was expressed at the serious threat posed to the credibility of the WTO rules and some of its cardinal principles, such as non-discrimination, by

the cycle of recent unilateral trade measures and proposed counter-measures.

### **Informal Ministerial Gathering, Paris**

8. Political engagement continued with India participating in the Informal Gathering of WTO Ministers and other meetings in Paris on 31 May 2018 in the sidelines of the annual meetings of the Organisation for Economic Cooperation and Development (OECD). 29 member countries of the World Trade Organization (WTO) and the Director General of the WTO attended the meeting and to discuss the way forward in the WTO.

9. There was strong criticism of the unilateral trade measures and counter measures by members and also stand being taken by some of the members and need to follow the WTO commitments was reiterated by members. India stressed the importance of political engagement in the process and called for strengthening of the multilateral trading system and inclusive institutional structure of the WTO. India emphasised on the need to fill up the Appellate Body vacancies and expressed concern at the trade measures and counter measures by some of the members.

### **WTO Reforms**

10. Recent developments, which include increasing unilateral measures and counter measures, undermine the very basis of the multilateral trading system embodied in the

WTO. Non-cooperation in the WTO by some of the members in negotiations as well as on institutional issues has further eroded the trust of membership in multilateralism. This opportunity is being used by some of the members, to propose amendment in the working of the WTO and its procedures. India, as a strong votary of the multilateral trading system is of the opinion that there is a need to strengthen the system and we are working positively to contribute in the process and collaborating with members to ensure that the concerns of developing countries in the WTO negotiations and reform process are addressed. India believes that flexibilities to the developing countries and least developing countries to better integrate in the global trading system must be preserved in the WTO negotiations.

#### **Non-Agriculture Market Access (NAMA)**

11. Non Agricultural Market Access (NAMA) relates to trade negotiations on non-agricultural or industrial products. In these negotiations, WTO Members discuss the terms or modalities for reducing or eliminating customs tariff and non-tariff barriers on trade in industrial products. The product coverage under NAMA includes marine products, chemicals, rubber products, wood products, textiles and clothing, leather, ceramics, glassware, engineering products, electronics,

automobiles, instruments, sports goods and toys.

12. On tariffs, the negotiations take place on the bound tariff which are the bindings taken during the negotiations at the WTO. The bound tariffs are the upper limit of tariffs actually applied by the Customs authorities on imports into any country. Some of the key methods through which tariff reductions were being sought were the application of a non-linear Swiss formula as well as sectoral initiatives for reduction or elimination of tariffs in specific sectors. Developing countries including LDCs were negotiating on appropriate special and differential treatment. On non-tariff measures, the discussions were being driven by both horizontal and sector specific textual proposals.

13. The Nairobi Ministerial Declaration included NAMA as one of the 'remaining Doha issues', where Ministers expressed strong commitment to advance negotiations. However, in the 11<sup>th</sup> WTO Ministerial Meeting in December, 2017 at Buenos Aires, there was no traction in NAMA on account of lack of convergence on any issue. India has been taking the stand that during negotiations, the principle of less than full reciprocity (LTFR) in reduction commitments must be applied. We have generally not been supportive of sectorals as

these are usually more burdensome for developing countries which have to reduce their duties more than the developed countries. Indian Industry is generally apprehensive of sectorals, given the adverse effect on the domestic industry and large trade deficit.

### **Information Technology Agreement**

#### **(ITA)**

14. India is a signatory to the Information Technology Agreement (ITA) (now also known as ITA-1), a plurilateral agreement of WTO. As on date, there are altogether 75 member signatories, including 27 EU member countries, accounting for about 97 percent of the world trade in Information Technology (IT) products. India joined the ITA on 25th March 1997.

15. During the last few years, some of the developed country members of the ITA - USA, European Union and Japan- have again proposed in the ITA Committee meetings to broaden the scope and coverage of the ITA (it is being referred as ITA-2). These proposals basically relate to increasing the coverage of IT products on which customs duty would be bound at zero; addressing non-tariff measures; and expanding the number of signatory countries to include new signatories such as Argentina, Brazil and South Africa. Proponents of ITA expansion have prepared

a consolidated list containing IT products (combining products of interest of all proponents of ITA-2); on which tariff reductions are being sought and it has been circulated amongst WTO members. Same was discussed intensely in WTO meetings during the last year, however, the final agreement has not yet been reached.

16. The general perception among stakeholders about ITA-1 is that it has adversely affected our hardware manufacturing sector. Therefore, there is apprehensions on any further expansion. Moreover, there is a view that lower duties on IT products may also impinge on the domestic manufacturing initiatives of the government. The level of sacrifice made by countries in the ITA has also been different with those with large markets and higher average customs duties making larger commitments than the others. The commerce secretary had also written to the Japanese vice-minister at the Ministry of Economy, Trade and Industry, Japan, suggesting technical engagement of officials from both countries to understand each other's position on issues related to ITA-1.

### **MSMEs and WTO**

17. The WTO in the last decade has initiated many discussions on Micro, Small and Medium Enterprises (MSMEs), in

recognition of their important role in national economies and their crucial linkage in the creation of regional and global value chains. At the MC-11, 59 countries (including China, Russia, EU and Brazil) announced the creation of an informal working group on MSMEs at the WTO to strive for a multilateral outcome aimed at establishing a formal work programme for MSMEs at the next Ministerial Conference. India is not a part of the initiative as it believes that the discussion on MSMEs, as WTO disciplines and flexibilities are not amenable to being used to target sub-national entities exclusively, such as MSMEs.

#### **Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries<sup>1</sup>**

18. India became the first developing country to extend Duty Free Quota Free (DFQF) access to the Least Developed Countries (LDCs) in the year 2008, thereby fulfilling a key element of the WTO Hong Kong Ministerial Declaration of December, 2005. India's DFQF scheme is called Duty Free Tariff Preferences (DFTP) scheme. In order to ensure effective utilisation of the Scheme and to provide optimum access to LDCs' exports to India's market, the

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<sup>1</sup>Relevant information regarding India's DFTP Scheme can be accessed at the link: [http://commerce.gov.in/writereaddata/UploadedFile/MOC\\_636434269763910839\\_international\\_tpp\\_DFTP.pdf](http://commerce.gov.in/writereaddata/UploadedFile/MOC_636434269763910839_international_tpp_DFTP.pdf)

Government of India expanded the product coverage of the DFTP Scheme from 1st April 2014, and also simplified the procedures related to Rules of Origin in March, 2015. As per Customs Tariff Notification No. 8/2014 dated 1st April, 2014, India provides duty free/ preferential market access on 98.2% of India's total 5205 tariff lines (at HS 6-digit level of classification). In fact, only 97 lines are in India's Exclusion list while 114 lines on margin of preference. On the rest of the lines duty free exports is allowed into India's market. Moreover, certain procedural modifications to the Rules of Origin of the DFTP Scheme were made vide customs non-tariff notification 29/2015-Cus(NT), dated 10<sup>th</sup> March, 2015 further simplifying the process.

19. In 2017, with the notifications of Niger and Guinea as beneficiaries to the DFTP Scheme<sup>2</sup>, the total number of beneficiaries rose to 34. The beneficiary LDCs are, Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, the Comoros, Eritrea, Ethiopia, the Gambia, Guinea, Guinea Bissau, Haiti, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mozambique,

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<sup>2</sup> Vide customs notification no. 68/2017-dated 27<sup>th</sup> July, 2017

Myanmar, Niger, Rwanda, Senegal, Somalia, the Sudan, Timor-Leste, Togo, Uganda, the United Republic of Tanzania, Yemen and Zambia. Fourteen least developed countries are yet to become beneficiaries under the scheme. These are, Angola, Bhutan, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Kiribati, Mauritania, Nepal, Sao Tome and Principe, Sierra Leone, Solomon Islands, South Sudan, Tuvalu and Vanuatu.

### **Trade Facilitation Agreement (TFA) of WTO**

20. Trade Facilitation was discussed in the Singapore WTO Ministerial Conference in December 1996 (and hence is one of the Singapore Issues) and Members formally agreed to launch negotiations on trade facilitation in July 2004. The mandate for negotiations was to clarify and improve Articles V (Freedom of Transit), Article VIII (Fees and Formalities connected with Importation and Exportation) and Article X (Publication and Administration of Trade Regulations) of GATT, 1994. The final text of the Agreement on Trade Facilitation (TFA) was agreed upon in the 9th Ministerial Conference (or MC 9) of World Trade Organization (WTO) held at Bali, Indonesia in December 2013. The Preparatory Committee on TF was established to implement the TFA.

21. The Protocol of Amendment was adopted in November, 2014 to insert the TFA in the WTO Agreements. The adoption of the TFA was contingent on the ratification by 2/3rd of the WTO Members. India ratified the TFA on 22.4.2016. Subsequently, the TFA was ratified on 22.2.2017 with the 110<sup>th</sup> Member ratifying it. 139 Members ratified (as of 19 October, 2018) with Zimbabwe being the latest.

22. The TFA is divided into three parts – Section-I (Substantive TF disciplines); Section-II (Special & Differential Treatment provisions for developing countries and Least Developed Country Members); and Section III (Institutional Arrangements and Final Provisions). Section-I contains provisions on simplification of border clearance procedures and adoption of new transparency measures. It consists of 12 Articles. There are a total of 239 sub-provisions in Section 1 of TFA wherein Members have to take on commitments. India has notified 175 Sub provisions have been notified under Category “A”(implemented or capable of implementing) and 64 have been put under Category “B”(require transition time of 5 years. Moreover, 110 Countries have designated category “A” commitments while 59 Countries (counting EU as one) have designated category B commitments and 46

countries have designated category C commitments.

23. India has also constituted the National Committee on Trade Facilitation (NCTF) for the implementation of the TFA which is chaired by Cabinet Secretary bi-annually with Secretaries from line ministries. Apex industry chambers like CII, FICCI, FIEO are also involved. In the 2nd tier, there is a steering group, a subset of the committee with a core group of public and private institutions which will meet quarterly; establish working groups and work program. In the 3rd tier there are Adhoc Working groups created for special purpose and would be dissolved once the task is completed.

24. In order to optimize the gains of trade facilitation, National Trade Facilitation Action Plan (NTFAP) for 2017-2020 containing specific activities to further ease out the bottlenecks to trade has been prepared. The action points in the Plan is mapped to the WTO Trade Facilitation Agreement (TFA) Articles and aligned to our policy objectives on improving the Ease of Doing Business. It includes 76 trade facilitation activities with definite timelines for their implementation. Each activity is associated with a principal agency responsible for its implementation in strict timelines short term (upto 6 months, mid-

term (6-18 months) and long term (18-36 months). Most of the activities are TFA plus. Even with the TFA activities which have been notified under Category B in WTO by India, with implementation period of 5 years from the date of entry into force i.e. February, 2018, we have voluntarily kept the target date for completion 36 months in the NTFAP.

25. The Trade Facilitation Agreement contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective co-operation between customs and other appropriate authorities on trade facilitation and customs compliance issues. These objectives are in consonance with India's "Ease of Doing Business" initiative.

### **Other issues**

#### **Standards and technical regulations**

26. Globally, tariffs have been going down, the overall global average import weighted tariff on industrial goods has gone down to just around 4 per cent. With FTAs being negotiated among a large number of countries, average global tariff rates will go down further, reducing the role of tariffs in market access. Even though there appears some upsurge in tariff walls in some corners of the world, the use of technical regulations (mandatory standards) and a variety of

conformity assessment procedures has been out-growing tariffs.

27. In the globalised marketplace, a key challenge facing developing countries is the lack of domestic capacity to overcome technical barriers to trade and to comply with the requirements of agreements on sanitary and phytosanitary conditions, which are now basic prerequisites for market access, embedded in the global trading system. The WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS) are two important agreements in this area.

28. There is synergetic relation of standards and technical regulations with trade. Standards and technical regulations are trade enhancing because standards reduce information asymmetries, signal quality to consumers and create a common language for potential trading partners, thus reducing overall transactions costs. However, at the same time the concerns over the impact of standards and technical regulations as non-tariff barriers (NTBs) in global trade are also well-documented. Mandating standards on products and putting in place a proper eco-system related to technical regulations, standards, metrology, conformity assessment and accreditation would help to prevent flooding

of the domestic market with unsafe imports, which adversely affect consumers as well as domestic industry.

#### **Notifying Technical Regulations (TRs) to address regulatory gaps**

29. In pursuance of the Committee of Secretaries (CoS) decision on notifying technical regulations (TRs) to address regulatory gap in India, and follow up through core group reviews, the pace of notifying TRS has been greatly accelerated. Regulators are informed about WTO-compatible Dos & DO'NTs in this regard, avoiding poorly defined regulations. Efforts are on anvil to match up to the international best practices with regard to preparation adoption and application of TRs.

#### **Identification of various items for reducing import dependence**

30. A Task Force was created under chairmanship of DIPP Secretary for preparing an Action Plan for reducing import dependence. A template prepared by DoC and approved by the Cabinet Secretariat was circulated to all Ministries/Departments that are members of Task Force, requesting them to provide action plans to enable deliberations to formulate strategies for reducing import dependence.

**Support and Outreach Program for MSME Sector launched by Hon'ble Prime Minister**

31. MSME Support & Outreach Program was launched by Hon'ble Prime Minister on 02.11.2018. Under this program the officers of various central and state government agencies participate and address the financial and other issues of MSMEs in the country. From Quality Framework point of view, the program promotes registration of Quality Certificates like ISO-9000 in MSME clusters. The progress of implementation monitored on the dashboard ([www.msme-support.gov.in](http://www.msme-support.gov.in)) on weekly basis.

32. To give further fillip to the Quality agenda, Department of Commerce is organizing National and Regional Standards Conclaves in coming 100 days. A Special National Standards Conclave in Mumbai (8-9<sup>th</sup> Feb 2019) and Regional Standards Conclave in Uttar Pradesh (Lucknow, 04 Jan. 2019), Orissa (Bhubaneshwar, 18<sup>th</sup> Jan 2019) and Telangana (Hyderabad, before March, 2019) are proposed.

**High Level Advisory Group (HLAG)**

33. The 12 members High Level Advisory Group (HLAG) has been constituted by the DOC under the Chair of Dr. Surjit S Bhalla, Director, Ocus Research & Investment, New Delhi to make

recommendations on pursuing opportunities, addressing challenges and findings a way forward amidst emergent issues in the contemporary global trade scenario. Eminent persons in the field of economics, trade, fund managements, and foreign relations are members of this HLAG. The committee will shortly give its findings along with recommendations to the Department of Commerce.

**Standards Conclave & Indian National Strategy for Standards (INSS) document**

34. The Department of Commerce, Government of India in collaboration with Confederation of Indian Industry (CII), Bureau of Indian Standards (BIS) and National Accreditation Board for Certification Bodies (NABCB) and other knowledge partners organized the 5<sup>th</sup> National Standards Conclave on June 18-19, 2018 in New Delhi where the Indian National Strategy for Standards (INSS) document was released. The objective of the two-day Conclave was to discuss the implementation strategy of Indian National Strategy (INSS) was also discussed in the conclave.

35. This INSS is the result of a broad consensus arrived over consultations held over a four-year period from 2014 to 2017 through national and regional standards conclaves that attracted wide participation of

experts and stakeholders from union and state governments, industry, regulatory bodies, national and overseas standards and conformity assessment bodies, academics, and international fora. The INSS addresses four broad pillars of the Quality Ecosystem viz- (I.) Standards Development (II.) Conformity Assessment and Accreditation; (III.) Technical Regulations and SPS Measures; and (IV.) Awareness and Education. It determines the critical role for each pillar and sets goals thereunder. The draft INSS implementation report will be discussed in the Special National Standards Conclave, proposed on 8-9 February, 2019 in Mumbai.

### **Champion Services Sector Initiative**

Service sector contributes significantly to India's GDP (about 50%), FDI inflow (about 50%), exports and job creation. Services growth has been aiding India's overall growth, especially in last two decades. During 2004-05 to 2010-11, India achieved overall growth of 8.8. %, largely on account of over 10% growth in services sector. In 2016-17, overall growth was 6.6%, while Services grew at 7.7%. Services trade surplus has been financing more than 50% of India's merchandise trade deficit. Services trade surplus including remittances finances about 110% of India's merchandise trade deficit. India is expected to be a USD 5

trillion economy by 2025 with about 60% of the USD 5 trillion, that is, USD 3 trillion being accounted for by the services sector.

While the services sector provides opportunities, it is also facing challenges that need to be addressed. Service sector growth, since the financial crisis, has been lack-lustre. India's services exports are characterized by over dependence on IT & ITeS (about 40 % of India's services exports). For sustained growth of the sector, there is urgent need for diversification to new sectors and upgrading our IT model to cover new areas like artificial intelligence, the internet of things and Industry 4.0. It is important to address both sectoral and cross cutting issues in order to unleash the potential of the various services sectors in the country.

At the inaugural edition of Global Exhibition on Services 2015, the Hon. PM highlighted India's potential to be the services hub of the world. The year 2022 marks 75 years of Indian independence. DoC's intensive efforts are aimed at realizing the PM's vision. The share of India's services sector in global services exports was 3.47% in 2017 compared to 3.1% in 2014. DoC aims to achieve the

target of 4.2 % share in global services exports by 2022.

The Department of Commerce's Cabinet Note on the 'Action Plan for Champion Sectors in Services' was accorded approval by the Cabinet Note on 28th February, 2018. Approval has been received on the following:

- ✓ Inclusion of 12 services sectors, namely, IT &ITeS, Tourism and Hospitality Services, Medical Value Travel, Transport and Logistics Services, Accounting and Finance Services, Audio Visual Services, Legal Services, Communication Services, Construction and Related Engineering Services, Environmental Services, Financial Services and Education services under the CSSS.
- ✓ Directions to the nodal ministries / departments concerned for formulation of action plans for cross-cutting issues and sectoral action plans, in consultation with stakeholders and the DoC. These would, inter-alia, include targets and timelines for implementation.
- ✓ Constituting a Committee of Secretaries (CoS) chaired by Cabinet Secretary, including Secretaries concerned for the Champion Services sectors, for timely and regular monitoring of Sectoral

Action Plans. DoC shall provide Secretariat support for the CoS.

- ✓ Creation of a dedicated fund of Rs.5000 Crore to support initiatives for sectoral Action Plans of the Champion Sectors

Indicative sectoral reform approaches / plans have been included by the Department of Commerce in the Cabinet Note for the above sectors, which can be inputs towards finalization of the Action Plans by the identified nodal Ministries/Departments concerned. Following are envisaged to be important elements of the Action Plans:

- (i) Apart from the sectoral issues, address cross-cutting including reform of the regulatory framework, development of services standards regime, skill development including foreign language capability, visa reforms etc.
- (ii) Include substantive content under the five pillars enunciated in the Cabinet note, namely, 'new processes' for improving ease of doing business, 'new infrastructure' for strengthening physical and digital connectivity, 'new sector' based on identifying sectors with untapped potential for value addition, employment generation and technology upgradation, 'new mind-set' aimed at changing the official mind-set from issuing/approval authority' to 'partnering business'

- and ‘new standards’ to develop a services standards regime.
- (iii) focus on new initiatives to promote value addition in services sectors.
  - (iv) focus on new initiatives to enhance exports of services including attracting foreigners to come to India for consumption of services.

Hon. President of India launched the 12 Champion Services Sectors on 15<sup>th</sup> May, 2018, at the Global Exhibition on Services held in Mumbai. This involved unveiling of the Champion Services Sector Portal ([www.indiaservices.in](http://www.indiaservices.in)) and the logo for Champion Services Sector initiative. The sectoral schemes of the nodal Ministries/Departments related to the 12 Champion Services Sectors is envisaged to operate under the umbrella scheme, that is, the Champion Services Sector Scheme (CSSS). Nodal Ministries/Departments are finalising sectoral action plans and sectoral schemes for their respective service sectors in consultation with stakeholders and DoC. So far, the Screening Committee has recommended funding proposals for sectoral schemes of various nodal Ministries/Departments under CSSS and has earmarked additional funds for some others.

## **X Negotiations**

### **RCEP Negotiations:**

Regional Comprehensive Economic Partnership (RCEP) is a proposed Free Trade Agreement (FTA) between sixteen countries namely the 10 countries of

ASEAN (Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and their 6 FTA partners (also known as AFP’s or ASEAN FTA Partners) namely Australia, China, India, Japan, Korea and New Zealand. Two RCEP Leaders’ Summit meetings, Six Ministerial Meetings, seven inter-sessional Ministerial meetings and Twenty- four RCEP Negotiating Rounds at the Experts level have been held as of November, 2018. Institutionally, the RCEP constitutes of the Trade Negotiating Committee (TNC) at the apex level with 9 working groups (goods, services, investment, intellectual property, legal & institutional issues, competition, economic & technical cooperation, government procurement and e-commerce) and 7 sub working groups (rules of origin, customs procedures & trade facilitation, SPS, STRACAP, trade remedies, financial services and telecom services)

The 2<sup>nd</sup> RCEP Leaders’ Summit held on 14 November, 2018 in Singapore provided an opportunity for Leaders to reiterate their political commitment to the RCEP process with a view to signal the importance they attach to free trade at a time when the world trade remains sluggish due to protectionism in the backdrop of trade tensions. The 2<sup>nd</sup> RCEP Summit Declaration welcomed the ‘substantial progress’ made in RCEP negotiations in 2018 and expressed determination to conclude a modern, comprehensive, high quality, and mutually beneficial RCEP in

2019. The Leaders also welcomed the conclusion of 7 (out of 16) Chapters of which 5 were concluded this year. They highlighted the need to accelerate the momentum in the negotiations to bring all remaining Chapters and Annexes to conclusion.

At the technical level, there has been substantial progress both in the key areas of market access in goods, services and investment as well as rules. The offers on goods and services as well as investment reservation lists are being incrementally improved through 'requests and offers'. The work is also progressing on the rules area specifically on the texts.

#### **Implementation of the tariff concessions under Fourth Round of the Asia Pacific Trade Agreement**

The results of 4<sup>th</sup> Round of negotiations under the Asia Pacific Trade Agreement (APTA) among six countries, namely, Bangladesh, China, India, Lao PDR, Republic of Korea, and Sri Lanka, have been implemented with effect from 1<sup>st</sup> July, 2018. India has, on its part, exchanged tariff concessions on 3142 tariff lines with all member countries and special concessions on 48 tariff lines for LDCs, viz. Bangladesh and Lao PDR.

#### **BRICS (Brazil, Russia, India, China, South Africa)**

BRICS is an association of five major emerging economies: Brazil, Russia, India, China and South Africa. Originally

the first four were grouped as "BRIC" before the induction of South Africa in 2010. BRICS Presidency is held rotationally by the Member States on an yearly basis. South Africa has been the BRICS President for the year 2018. The Department of Commerce handles the economic and trade issues under BRICS that are discussed under the institutional mechanism known as the Contact Group on Trade and Economic Issues (CGETI). Under the current presidency of South Africa, 3 meetings of CGETI (17<sup>th</sup>, 18<sup>th</sup> & 19<sup>th</sup>) were held in March, May and 3-4 July, 2018. The 8<sup>th</sup> BRICS Trade Ministers' meeting was held on 5<sup>th</sup> July, 2018. The 10<sup>th</sup> BRICS Leaders' Summit was held in Johannesburg from 25-27 July, 2018. The key areas of discussion under BRICS CGETI are non tariff measures, services, intellectual property, e-commerce, multilateral trading system, etc. During South Africa's Presidency, the BRICS CGETI negotiations finalised the following documents, which were adopted at the 8<sup>th</sup> BRICS Trade Ministers' held on 5<sup>th</sup> July, 2018:-

- i) Working Mechanism on Technical Regulations, Standards, Metrology, Conformity Assessment Procedures for Cooperation to Facilitate Trade
- ii) Terms of Reference for review of the BRICS Joint Trade Study
- iii) BRICS IPRCM Implementation Framework
- iv) BRICS IPR Action Plan
- v) Outline for the Guidebook on IPR in BRICS countries

- vi) BRICS Cooperation Framework on inclusive E-commerce Development
- vii) Terms of Reference to Strengthen Institutional Arrangements on MSME Cooperation
- viii) BRICS Statement of support for an inclusive multilateral trading system
- ix) CGETI Monitoring Mechanism
- x) Trade in Services Statistics

### **Shanghai Cooperation Organization (SCO)**

The Shanghai Cooperation Organization (SCO) is a Eurasian political, economic, and security alliance. The creation of SCO was announced on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. The SCO Charter, formally establishing the organisation, was signed in June 2002 and entered into force on 19 September 2003. Initially India and Pakistan became the Observers of the SCO. They became the full members of the SCO on 9 June 2017 at a summit in Astana, Kazakhstan. The Council of Heads of Government (Prime Ministers) is the supreme decision-making body in the SCO. It meets once a year and adopts decisions and guidelines on all important matters of the organisation.

The Department of Commerce participates in two meetings of SCO namely; (i) meeting of the Commission of Senior Officials of the Ministries and Agencies of the SCO Member States Responsible for Foreign Economic and Foreign Trade Activity (SCO

Senior Officials meeting) and; (ii) Ministers of the Shanghai Cooperation Organization Member States responsible for foreign economic and foreign trade activities. During 2018, two meetings of SCO Senior Officials meetings were held in May and September, 2018. The meeting of the Ministers of the Shanghai Cooperation Organization was held in September, 2018 in Dushanbe, Tajikistan. Some of the areas that have been discussed under SCO are multilateral trade and economic cooperation (MTEC), services, e-commerce, trade facilitation, etc. The Ministers/Heads of delegations exchanged opinions on the current state and prospects for further development of multilateral trade, economic and investment cooperation in the SCO region. The Ministers/Heads of delegations inter-alia approved the Regulations on the Special Working Group of the SCO Member States on Customs Cooperation.

### **G-20 and India**

The G20 was established in 1999, as a forum of Finance Ministers and Central Bank Governors of the 19 nations (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, and United States) and the European Union, in the wake of the Asian Financial Crisis. However, G20 rose to prominence in 2008 when it was elevated from a forum of Finance Ministers and Central Bank Governors to that of Heads of State/Government in order to effectively respond to the global financial crisis of

2008. G20 replaced the G8 in 2009 as premier global forum for international economic cooperation. G20 members represent around 85 per cent of global gross domestic product, over 75 per cent of global trade, and two-thirds of the world's population.

Argentina took over the Presidency of the G-20 in 2018. Commerce and Industry Minister led the Indian delegation for the G20 Trade Ministers' Meeting held on 14th September 2018 in Mar del Plata, Argentina. The Ministers issued a statement at the end of the meeting that recognized the growing importance of Agro-food Global Value Chains (GVCs) for enhancing global food security, on the New Industrial Revolution (NIR), the Ministers acknowledged the central role of digital technologies in the global trade as reflected in the Ministerial statement.

Ministers unanimously agreed on the need for revitalising WTO. CIM reiterated India's sincere commitment to the rules-based multilateral trading system and called for collective action for strengthening WTO without undermining its core principles of special & differential treatment, consensus building and transparency.

The G 20 Leader's Summit was held from 30 November 2018 -1 December 2018 in Argentina.

Japan would take over the Presidency of the G-20 in 2019.

### **United Nations Conference on Trade and Development (UNCTAD)**

The United Nations Conference on Trade and Development (UNCTAD) aims at integration of developing countries into the world economy. UNCTAD serves as the focal point within United Nation for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development. Three pillars of UNCTAD's existing mandate are: a) independent policy analysis; b) consensus building; and c) technical assistance.

The Ministerial Conference, which meets every four years, is UNCTAD's highest decision making body and sets priorities and guidelines for the organization and provides an opportunity to debate and evolve policy consensus on key economic and development issues. The XIV Ministerial Conference of the United Nations Conference on Trade and Development was held on 17 to 22 July 2016 at Nairobi, Kenya.

### **Global System of Trade Preferences (GSTP)**

The Agreement establishing the Global System of Trade Preferences (GSTP) was signed on April 13, 1988 at Belgrade. The current round of GSTP negotiations, also known as "São Paulo Round" was launched in 2004 with 22 participating countries, on the occasion of the UNCTAD XI Quadrennial Conference in Sao Paulo in Brazil.

A Ministerial Meeting of the GSTP Negotiating Committee was held on 15 December, 2010 in Foz do Iguacu, Brazil for

signing of the “Final Act Embodying the Results of the Sao Paulo Round” and the “Sao Paulo Round Protocol on the Agreement on GSTP”. So far, 8 out of 44 member countries, including India, have signed the protocol. Of these 8 countries, three countries, viz. India, Malaysia and Cuba have ratified it. The Cabinet Committee on Economic Affairs (CCEA) in its meeting on 23 August, 2012 had approved implementation of India’s Schedule of Concessions under the Third Round of negotiations. India’s offer is as per the agreed modalities of the GSTP offer namely 70% of the dutiable tariff lines with a 20% margin of preference (MOP). In addition, India has unilaterally offered 77% dutiable lines at an MOP of 25% to Least Developed Countries (LDCs).

The schedules of concessions under the Third Round of negotiations will be implemented thirty days after a minimum of four participants ratify their schedules and inform the GSTP Secretariat. The tariff concessions will be implemented amongst such four participants and other participants will avail of the concessions after they ratify their schedules.

Till recently, only 3 member countries – India, Malaysia and Cuba had ratified their GSTP schedules. In May 2018, Uruguay has ratified its GSTP schedules of the Sao Paulo Round Protocol. India's schedule of concessions may now be implemented since four participants have since ratified their schedules.

### **Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization, comprising seven member states-Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, came into being on 6<sup>th</sup> June, 1997. The initiative is aimed at furthering economic cooperation on economic cooperation on sub regional basis involving contiguous countries of South East and South Asia grouped around the Bay of Bengal.

BIMSTEC has identified 14 priority areas of cooperation where a member country takes lead. India is a lead country for Counter Terrorism and Transnational Crime, Environment and Disaster Management, Tourism and Transport and Communication.

BIMSTEC members have agreed to establish BIMSTEC Free Trade Area Agreement in 2004 covering Trade in Goods, Services, Investment and Customs Cooperation. So far, 21 rounds of Trade Negotiating Committee (NC) took place. The 21st meeting of BIMSTEC TNC and Working Group meetings of Rules of Origin, Services, Investment, Customs Cooperation, Trade Facilitation and Legal Experts were held in Dhaka on 18-19 November, 2018. It was decided that inter-sessional meetings/video conferencing be held to expedite implementation of the BIMSTEC agreement.

## **XI. KIMBERLEY PROCESS CERTIFICATION SCHEME**

The Kimberley Process (KP) is a joint government, industry and civil society initiative to stem the flow of conflict diamonds (rough diamonds used by rebel movements to finance wars against legitimate government). Kimberley Process Certification Scheme (KPCS) is an UN mandated (UNGA Resolution 55/56 of 2000 and UNSC Resolution 1459(2003)) international certification scheme. It requires each participant to impose internal control over production and trade of rough diamonds. Trading in rough diamonds with a non-participant is not allowed. All exports of rough diamonds have to be accompanied by a valid KP Certificate stating that diamonds are conflict free.

India is one of the founding members of KPCS. KPCS currently has 54 participants, representing 81 countries with the European Union and its Member States counting as single participant. All major diamond producing, trading and polishing centres are members of KP. Civil Society and industry groups also actively participate in the KP. Chairmanship of KP is rotated on annual basis. The Vice Chair is selected at the annual “Plenary” meeting and becomes Chair automatically the following year. The KPCS Chair oversees the implementation of the KPCS, the operations of the Working Groups and Committees, and General Administration. EU is the Chair for the year 2018 and India will become the Chair in 2019.



**SPECIAL ECONOMIC  
ZONES & EXPORT  
ORIENTED UNITS**

## Chapter 7: Special Economic Zones & Export Oriented Units

### SPECIAL ECONOMIC ZONES (SEZs)

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. Seven more zones were set up thereafter. However, the zones were not able to emerge as effective instruments for export promotion on account of the multiplicity of controls and clearances, the absence of world-class infrastructure, and an unstable fiscal regime. While correcting the shortcomings of the EPZ model, some new features were incorporated in the Special Economic Zones (SEZs) Policy announced in April 2000. This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with a user-friendly regulatory framework. All the 8 pre-existing Export Processing Zones (EPZs) located at Kandla and Surat (Gujarat), Santa Cruz (Maharashtra), Cochin (Kerala), Chennai (Tamil Nadu), Visakhapatnam (Andhra Pradesh), Falta (West Bengal) and Noida

(Uttar Pradesh) have been converted into Special Economic Zones.

In terms of the SEZ Act, 2005 a SEZ may be set up either jointly or severally by the Central Government, State Govt. or any person for manufacture of goods or rendering services or for both or as a free trade warehousing zone. Such proposals duly recommended by the concerned State Government are considered by the Board of Approval for SEZs. SEZ being set up under the SEZ Act, 2005 are primarily private investment driven.

### Steps taken to speed up implementation of SEZ Projects

The SEZ Act 2005 provides for setting up of a Single Window Clearance Mechanism for speedy implementation of SEZ Projects. Accordingly, the State Governments are also requested regularly to enact their SEZ Act to provide a friendly environment to investors. SEZ rules and procedures are reviewed from time to time to facilitate the speedy implementation of SEZ projects. Comprehensive guidelines have been issued regarding energy conservation in SEZs. These guidelines provide for optimization of energy use, water efficiency,

waste management, site preservation and restoration etc.

### **Withdrawal of MAT and DDT exemption for SEZs:**

The Finance Ministry has withdrawn the exemption from Minimum Alternate Tax (MAT) in the case of SEZ Developers and Units as also the exemption on Dividend Distribution Tax (DDT) for SEZ Developers under the Income Tax Act. MAT is applicable at the rate of 18.5% of the book profit in addition to education cess and surcharge on book profit after 1.4.2012 and the DDT is leviable w.e.f 1.6.2011 on dividends distributed by SEZ developers @ 16.22% (**now 16.995%**) (15% plus 10% surcharge plus 3% cess). The announcement of Hon'ble Finance Minister in the budget proposals of February, 2011 has had an adverse impact on the growth of SEZs. Former Commerce Minister had taken up the matter with the Hon'ble Finance Minister to reconsider the decision to withdraw exemptions from MAT and DDT for SEZ entities in view of the sharp slowdown in the SEZ sector attributable to a large extent to the uncertainty in the fiscal regime. However, Finance Minister has not agreed. The matter has again raised vide Commerce Secretary's D.O. letter dated

10.07.2014. However, Revenue Secretary vide his letter dated 11.08.2014 has declined the request of this Department.

### **Slowdown in the SEZ Sector:**

While the achievements in the SEZ sector over the last 6 years are in no way insignificant, an analytical assessment reveals a distinct slowdown in the SEZ sector, especially after FY 2010-11. The slowdown in the SEZ sector is evident from the following facts:

- a) **Number of Applications for new SEZs:** At the end of FY 2009-10 364 SEZs had been approved by the department based on applications received. There has been a very modest increment of 16, 9, 5, 3, 6, 9, 35, 4 and 2 to this number in 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 (as on 30.11.2018) respectively.
- b) **Number of SEZs operationalised:** At the end of FY 2009-10 110 SEZs had become operational in terms of having exporting units. Since then 23 in 2010-11, 20 in 2011-12, 17 in 2012-13, 15 in 2013-14, 17 in 2014-15, 2 in 2015-16, 14 in 2016-17, 5 in

2017-18 and 7 in 2018-19 (as on 30.09.2018) there has been operationalised.

c) **Number of Units in SEZs:** At the end of FY 2009-10, there were 2850 units in SEZs. There has been a modest increment of 440, 110, 189, 210, 260, 107, 290, 690 and -122 units to this number in 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 (as on 30.09.2018) respectively.

d) **Increased number of applications for de-notification of approved SEZs:** The number of applications for de-notification of SEZs has shown a significant increase in the last four years with 56 of the total 86 de-notifications of SEZs having been approved in FY 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 (as on 30.11.2018).

e) **Growth in exports from SEZs:** The growth of SEZ exports is showing a sharp slowdown from over 121% in 2009-10, 43.11% in 2010-11, 15.39% in 2011-12, 31% in 2012-13, 4% in 2013-14, -6.13% in 2014-15,

0.77% in 2015-16, 12.05% in 2016-17, 11% in 2017-18 and 25.07% in 2018-19 {Exports growth of the corresponding period of FY 2017-18 (as on 30.09.2018)}.

### **SEZ Policy and Operational Framework Reform Initiative:**

A comprehensive analytical assessment of the performance of the sector has been carried out which has highlighted the need that certain aspects of the SEZ Policy and Operational framework perhaps require a re-look with a view to possible reform in order to ensure that the laid down objectives of the SEZ Policy are better achieved.

In this regard a draft discussion paper to facilitate stakeholder consultation on 'Potential reform of the SEZ Policy and Operating Framework' had been prepared and was hosted on the department's website [www.sezindia.nic.in](http://www.sezindia.nic.in). After wide consultations with stakeholders – SEZ developers, Units, Trade Associations, State Governments, Central Govt. departments including Revenue, Environment, Urban Development etc a detailed proposal - 'SEZ Policy and Operational Framework Reform Initiative' has been formulated and

accordingly, the then Commerce & Industry Minister announced the following measures to revive investors' interest in SEZs on 18<sup>th</sup> April, 2013, which were notified by amending the SEZ Rules, 2006 vide G.S.R. No. 540(E) issued on 12<sup>th</sup> August, 2013. Highlights of measures are as under:-

**1.1** A package of measures has been formulated to revive investors' interest in SEZs and to boost exports. The salient features of the package are:-

- (i) In view of the acute difficulties in aggregating large tracts of uncultivable land for setting up SEZs, while ensuring vacancy and contiguity, we have decided to reduce the **Minimum Land Area Requirement** by half. For Multi-product SEZ from 1000 hectares to 500 hectares and for Sector-specific SEZ from existing 100 hectares to 50 hectares.
- (ii) To provide greater flexibility in utilizing land tracts falling between 50-450 hectares, it has been decided to introduce a **Graded Scale for Minimum Land Criteria** which would permit a SEZ an additional sector

for each contiguous 50 hectare parcel of land. This will also bring about more efficient use of the infrastructure facilities created in such an SEZ.

- (iii) Further flexibility to set up additional units in a sector specific SEZ is being provided by introducing **Sectoral broad-banding** to encompass similar / related areas under the same sector.
- (iv) On the issues relating to Vacancy of Land, while the existing policy allows for parcels of land with pre-existing structures not in commercial use to be considered as vacant land for the purpose of notifying an SEZ, it has now been decided that additions to such pre-existing structures and activities being undertaken after notification would be eligible for duty benefits similar to any other activity in the SEZ.
- (v) In order to encourage agro-based industries in SEZ, a new sector specific SEZ named '**agro-based food processing**' sector with a

minimum land area requirement of 10Ha. has been introduced.

**1.2** IT Exports constitute a very significant part of India's exports and IT SEZs have a major contribution in it. Exports from IT SEZs during financial year 2013-14 have exceeded Rs. 1.84 lakh crore registering a growth of over 31.21% over the previous year's exports. We have specifically addressed issues to boost growth of this very important sector and also to give a fillip to employment and growth in Tier-II and Tier-III cities.

(i) The present requirement of 10 hectares of minimum land area has been done away with. Now there would be no minimum land requirement for setting up an IT/ITES SEZ. Only the minimum built up area criteria would be required to be met by the SEZ developers.

(ii) The minimum built up area requirement has also been considerably relaxed with the requirement of one lakh square meters to be applicable for the 7 major cities viz: Mumbai, Delhi

(NCR), Chennai, Hyderabad, Bangalore, Pune and Kolkata. For the other Category B cities 50,000 square meters and for remaining cities only 25,000 square meters built up area norm will be applicable.

**1.3 EXIT Policy:** Prior to 12.8.2013, the SEZ Framework did not have an Exit Policy for the units and feedback was that this was perceived as a great disadvantage. Vide SEZ Rule (Amendment), 2013 (Gazette notification dated 12.8.2013), it has been decided to permit transfer of ownership of SEZ units, including sale with certain stipulated conditions.

### **Initiatives for ensuring Ease of Doing Business in SEZs**

1. Mapping of activities related to Developers and Units in SEZs were identified and timelines for completion of the said activities were prescribed and implemented. This was launched on 14.08.2014 in all Zones.
2. Digitization and online processing of various activities relating to SEZ Developers and Units has been introduced in all Zones from 01.11.2014.

Second phase of Digitization has been launched in all Zones from 01.07.2015.

3. Dual use of infrastructure in Non-Processing Area (NPA): In order to creation Social & Commercial infrastructure and other facilities in NPA of SEZ, Government vide notification G.S.R. 5(E) dated 02.01.2015 has allowed dual use of facilities in NPA both by SEZ and non-SEZ entities.
4. Integration of Customs ICEGATE system to SEZs: In order to facilitate paperless transaction for movement of goods for imports and exports from SEZs to Ports, it has been decided to integrate the Customs ICEGATE system to SEZ Online system. A pilot project has been launched in Madras SEZ on 19.01.2015. The progress of the pilot is being monitor by nodal officers of Department of Commerce and Department of Revenue. This has now been rolled out in all the other SEZs and the project is running satisfactorily.
5. The Central Government vide S.O. 968(E) dated 08.04.2015 have notified the Rules of operations framed by RBI, SEBI and IRDA for the Units in an International Financial Services Centre (IFSC) in SEZs.
6. Power Guidelines in respect of SEZ Power Plants had been issued from time to time. In order to bring clarity on the issue, fresh guidelines consolidating all earlier guidelines were issued on 16.2.2016.
7. Offences contained in the relevant Sections of The Customs Act, 1962; The Central Excise Act, 1944 and The Finance Act, 1994 and investigating agencies authorized to investigate into such offences in SEZs notified under the Special Economic Zones Act, 2005 vide notification dated 05.8.2016.
8. Provision for Refund, Demand, Adjudication, Review and Appeal relating to authorized operations under Special Economic Zones Act, 2005, notified on 05.8.2016. In the absence of specific provisions for Refund, Demand, Adjudication, Review and Appeal, the claims being made by the SEZ Developers/Units could not be entertained. With this notification, these issues can be settled by the appropriate authorities.
9. Instruction No. 85 issued allowing of authorized employees of IT/ITES units

in SEZ to Work from Home or place outside the SEZ unit.

10. Instruction No. 86 issued for amending instruction No. 9 regarding procedure for reimbursement of Duty (RoD) in lieu of drawback for supply of goods to SEZ Developers against Indian Rupees.
11. Mobile Application for SEZ Developers and Units has been launched by this Department on 6th January, 2017.
12. Notification of amending time limit for filing of Annual Performance Reports by SEZ units has been issued.
13. Notification has been issued for amending Rule 5A related to power supply in SEZs.
14. Notification has been issued for removing the restriction of Legal and Accounting Services in SEZs vide amending the rule 76 of SEZ Rules, 2006.
15. Instruction No. 88 issued on 16.08.2017 for restriction of Gold content up to maximum limit of 22 Carats for export of Gold Jewellery, including partly processed Jewellery, whether plain or studded and articles.
16. Notification has been issued on 12.06.2017 amending Rule 41, 42 & 50

of SEZ Rules, 2006 for streamlining the gems & Jewellery Units in SEZs.

17. Guidelines has been issued regarding Policy on units carrying on recycling of plastic scrap or waste in SEZs stating that all such units would be required to export not less than 35% of the total annual turnover in addition to meeting their NFE obligation.
18. Guidelines has been issued regarding Policy to regulate functioning of Worn/Used Clothing Units in SEZs stating that all such units would be required to export not less than 66.67% i.e. 2/3rd of the total annual turnover in addition to meeting their NFE obligation. Further, physical export obligation (by volume) of 50% shall also apply.
19. Amendment corresponding to GST law has been made in SEZ Rules, 2006 vide Notification no. GSR 909(E) dated 19.09.2018
20. Sub-contracting period for studded gold Jewellery, silver Jewellery and imitation Jewellery, the finished goods requiring further processing or semi-finished goods has been increased from 28 days to 45 days.

21. In June 2018, Government had constituted a Group of eminent persons under the chairmanship of Shri Baba Kalyani, Chairman, M/s Bharat Forge to study the SEZ Policy of India. The Group submitted its report to Hon'ble Minister for Commerce and Industry on 19.11.2018. An inter-ministerial consultation was held on 26.12.2018 to consult the various stakeholder ministries. The report has been placed in the public domain for public consultation.

### **Export Oriented Units (EOUs)**

The Export Oriented Units (EOUs) scheme was introduced in early 1981, primarily to boost exports by creating additional production capacity. It was introduced as a complementary scheme to the Free Trade Zones/Export Processing Zone (EPZ) Scheme introduced in the sixties, which had not attracted many units due to location restrictions. It adopts the same production regime as SEZs (erstwhile EPZs) but offers a wide option in locations.

Units undertaking to export their entire production of goods and services, except permissible sales in the DTA, as per the Export-Import Policy are referred to as export oriented units (EOUs). The EOUs function under the administrative control of

the concerned Development Commissioner of Special Economic Zone i.e., under the Department of Commerce, Government of India.

The EOUs are governed by the provisions of Chapter 6 of the Foreign Trade Policy (FTP) and its procedures, as contained in the Handbook of Procedures (HBH). Provisions of the said Chapter 6 and its procedures have also been made applicable to the Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Biotechnology Parks (BTPs), Hence the scheme is for EOU/STP/EHTP/BTP and is referred in common parlance as EOU scheme.

As on September 30.09.2018, 1712 units are in operation under the EOU Scheme as compared to 1832 EOUs in 2017-18. State-wise distribution of EOUs is given in table below:

<b>State-wise distribution of functional EOUs</b>	
States/UTs	Functional EOUs as on 30.09.2018
<b>Andhra Pradesh</b>	<b>76</b>
<b>Telangana</b>	<b>115</b>
<b>West Bengal</b>	<b>35</b>
<b>Jharkhand</b>	<b>02</b>
<b>Orissa</b>	<b>01</b>
<b>Meghalaya</b>	<b>01</b>
<b>Gujarat</b>	<b>180</b>
<b>Kerala</b>	<b>85</b>
<b>Karnataka</b>	<b>406</b>

<b>Tamil Nadu</b>	<b>377</b>	<b>Punjab</b>	<b>08</b>
<b>Pondicherry</b>	<b>12</b>	<b>Himachal Pradesh</b>	<b>04</b>
<b>Maharashtra</b>	<b>227</b>	<b>Jammu &amp; Kashmir</b>	<b>02</b>
<b>Goa, Daman &amp; Diu</b>	<b>36</b>	<b>Chandigarh</b>	<b>02</b>
<b>Dadar &amp; Nagar Haveli</b>	<b>15</b>	<b>Madhya Pradesh</b>	<b>08</b>
<b>Delhi</b>	<b>09</b>		
<b>Haryana</b>	<b>55</b>	<b>TOTAL</b>	<b>1712</b>
<b>Uttar Pradesh</b>	<b>56</b>		



# **SPECIALIZED AGENCIES**

## Chapter 8: Specialized Agencies

### Plantation

#### *TEA BOARD*

##### **Overview**

In India, tea is cultivated in 15 states of which the major tea growing States are Assam, West Bengal, Tamil Nadu and Kerala. There are around 1472 big growers in the organized sector and an estimated 2 lakh small growers with a total area of 599 Th. Ha under tea cultivation. Manufacturing is done in 935 estate factories and 646 bought leaf tea factories. Primary sale of tea is made in 7 auction centers located at Kolkata, Guwahati, Siliguri, Cochin, Coonoor (CTTA), Coimbatore and Tea Serve (Coonoor).

The most significant feature of the industry is its ability to provide direct employment to more than a million workers, of which more than 50% are women. The total number of workers engaged in tea plantations in India is about 1.13 million.

The tea industry consists of the organized sector and the small tea growers. At present nearly 50% of the production is contributed by the small tea growers. The total production was the highest ever in the year 2017-18 at 1325.05 m kg and in the same

year the highest ever exports of 256.57 m kg was achieved.

The estimated production till October 2018 is 848.98 million kg and the exports till October 2018 stood at 108.58 million kgs with a value of Rs. 2249.58 Crs. The estimated production for the F.Y. 2018-19 is 1285 million kgs and exports approximately 265 million kgs.

#### *COFFEE BOARD*

##### **Overview**

**World Coffee Scenario:** Coffee is one of the largest traded commodities in the world and hence aptly described as 'Brown Gold'. It is grown in about 80 countries across the globe, of which over 50 are considered to be the major producers of coffee. The major coffee producing countries in the world are Brazil, Vietnam, Columbia, Indonesia, Honduras, Ethiopia and India. World produced around 163.51 million bags of coffee (approx. 98.10 lakh metric tonnes) during 2017-18 (ICO Market Report November, 2018). India is one of the major producing countries with 7<sup>th</sup> ranking in the world. With only about 2% share in the global coffee area, India contributes to about 3.5% of the world production and about 5% of global coffee exports.

**Coffee in India (Area):** In India, coffee is cultivated in about 4.34 lakh hectares and is mainly confined to southern states of Karnataka (55%), Kerala (19.7%) and Tamil Nadu (8.2%), which form the traditional coffee tracts. To a lesser extent, coffee is also grown in Non-Traditional Areas like Andhra Pradesh & Odisha as well as in North Eastern States (18.1%), with the main objective of improving the livelihood of local tribals by providing them with sustainable income generation from coffee and intercrops and reforestation in the barren hills affected by shifting cultivation.

### **RUBBER BOARD**

#### **Overview**

Natural rubber (NR) is a strategic industrial raw material with an end-product range of more than 50,000 items which are widely used and indispensable for modern world. NR is commercially produced in plantations from the tree species, *Hevea brasiliensis*. India currently occupies the sixth position in the global ranking in terms of production of NR by contributing 5.3% of the global output. In terms of consumption of NR, India stands second by accounting for 8.2% of the global demand.

Rubber cultivation covered a total area of 822,000 hectare in the country at the end of 2017-18. Though 614,000 hectares were mature, only 479,000 hectares were tapped due

to prevailing low rubber prices. Production of NR was 694,000 tonnes during 2017-18, a marginal increase of 0.4 % from 691,000 tonnes a year ago. NR production during 2018-19, up to September 2018, is provisionally estimated at 272,000 tonnes, a sharp decline of 15% from the same period a year ago. The unprecedented heavy rains and floods in Kerala and Karnataka States had adversely affected rubber plantations in terms of loss of tapping days, plant/tree damage and widespread incidence of abnormal leaf fall (ALF) disease. The economic value of production loss in rubber plantation sector in 2018-19 would be ₹ 1830 Crore.

Rubber products manufacturing industry in the country consumed 11.12 lakh tonnes of NR during 2017-18, a growth of 6.5 % from 10.44 lakh tonnes a year ago. NR consumption provisionally estimated for April to September 2018, is 614,040 tonnes, an increase of 16 % from the same period a year ago.

### **SPICES BOARD**

#### **Overview**

Spices Board is the flagship organization for the development and worldwide promotion of Indian spices. India is the largest producer and exporter of spices in the world and presently enjoys 47% share in the global spice market in terms of volume. During

2017-18, the export of Indian spices continued its increasing trend and achieved an all time record in both volume and value. A total of 10,28,060 tonnes of spices and spice products valued Rs.17929.55 crores (US\$ 2781.46 Million) has been exported from the country as against 9,47,790 tonnes valued Rs. 17664.61 crores (US\$ 2633.29 Million) in 2016-17, registering an increase of 8% in volume, 1% in rupee terms and 6% in dollar terms of value. With regard to the spices export target of 10,23,000 tons valued at Rs.17665.10 crore (US\$ 2636.58 million) for 2017-18, the achievement was 100% in terms of volume,101% in rupee and 105% in dollar terms of value.

#### **International Pepper Community (IPC):**

The 7th Meeting of the IPC Committee on R&D was held between 2<sup>nd</sup> and 4<sup>th</sup> May 2018 in Kochi, hosted by the Spices Board, Ministry of Commerce and Industry. The meeting was attended by members of the IPC Committee on R&D from India, Indonesia, Malaysia, Sri Lanka, Vietnam and other officials, scientists from Indian Institute of Spices Research (IISR), Directorate of Arecanut & Spices Development (DASD) etc. Further Spices Board has actively participated in the 46<sup>th</sup> Annual Session & Meetings of International Pepper Community which was held during 1<sup>st</sup>- 4<sup>th</sup> October 2018 in Putrajaya, Malaysia.

#### **TOBACCO BOARD**

Tobacco Board was established on 01/01/1976 under the provisions of the Tobacco Board Act, 1975 with its Head Quarters at Guntur, Andhra Pradesh. Tobacco Board is headed by a Chairman. The important functions of the Tobacco Board are:

- Regulating the production and curing the Virginia tobacco to match demand in India and abroad.
- Propagating information useful to the growers, dealers and exporters (including packers) of Virginia tobacco and manufactures of Virginia tobacco products.
- Promoting the grading of tobacco at the level of the growers.
- Establishment of auction platforms for the sale of Virginia tobacco and function as auctioneer.
- Maintenance and improvement of existing markets and development of new markers outside India.
- Keeping a constant watch on the Virginia tobacco market, both in India and abroad and ensuring fair and remunerative price for the same.
- Purchasing Virginia tobacco from the growers when the same is considered necessary or expedient

for protecting the interest of growers with the prior approval of the Government of India.

### **Agricultural and Processed Food Products Export Development Authority (APEDA)**

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 passed by the Parliament in December, 1985. The Authority with its headquarters at New Delhi, is headed by Chairman, APEDA has been serving the agri-export community for the last 31 years. In order to reach out to the exporters in different parts of the Country, APEDA has set up 5 Regional Offices at Mumbai, Bengaluru, Hyderabad, Kolkata & Guwahati.

APEDA has been entrusted with the responsibility of export promotion and development of 14 agricultural and processed food products groups listed in the First Schedule of the APEDA Act. Rice has been included in the Second Schedule of APEDA Act. In addition to this, APEDA has been entrusted with the responsibility to monitor the import of sugar as well.

APEDA also functions as the Secretariat of the Certification Bodies under National Programme for Organic Production (NPOP) for Organic exports. 'Organic Products' for export are to be certified only if produced, processed and packed as per the standards laid down in the document 'National Programme for Organic Production (NPOP).'

APEDA has been actively engaged in the development of markets besides upgradation of infrastructure and quality to promote the export of agro products. In its endeavour to promote agro export, APEDA under its Plan Scheme titled 'Agricultural Export Promotion Scheme of APEDA' provides financial assistance to the registered exporters under sub-components of the scheme – Market Development, Infrastructure Development and Quality Development.

### **THE MARINE PRODUCTS EXPORT DEVELOPMENT AUTHORITY (MPEDA)**

The Marine Products Export Development Authority, a statutory body under the Department of Commerce, Ministry of Commerce & Industry, established in 1972, is mandated for the development of marine products industry with special reference to export from India.

## Export performance:

During the financial year 2017-18, India has exported 13,77,244 MT of seafood worth US\$ 7.08 billion. US and South East Asia continued to be the major import markets of Indian seafood. Frozen shrimp remained the major export item followed by frozen fish.

## Thrust Areas

To facilitate enhanced export of marine products from the country MPEDA has been giving greater thrust in the following areas: -

- Diversification of export oriented aquaculture practices into commercially important shellfish and finfish to enhance aquaculture production and increase the varieties.
- Ensuring production of antibiotic free shrimp for export by setting up LC MS Laboratories and Enzyme
- Resolving trade or quality issues by organizing Trade Delegations, participating in committees on standard formulations.
- Helping seafood industry for HACCP implementation by training technologists.
- Establishing presence of Indian seafood in major international markets by branding Indian seafood with major buyers and by giving publicity in different media abroad.
- Participating in International Seafood Shows to showcase our resources and the potential of Indian seafood thereby generating new trade relationships.

Linked Immunosorbant Assay (ELISA) labs in all maritime states to test for presence of banned antibiotics and other substances. The database of Pre-Harvest Testing and NRCP lab testing are computerized.

- Establishing traceability of aquaculture through enrollment of farms and hatcheries. Shrimp farms and hatcheries enrolment procedures are under the process. Presently there are 65,265 aqua farms enrolled with a water spread area of 1,62,431 Ha. 133 shrimp hatcheries have been enrolled. 313 hatcheries have been geo-tagged. Development of aqua farms and establishment of hatcheries are regular and ongoing activities. Enrolment works of more shrimp hatcheries and aqua farms are continued.



- Organizing biennial events viz. India International Seafood Show (IISS) and Aqua Aquaria India (AAI) to exhibit the strength of Indian

Aquaculture and seafood export industry.

- Assisting in the setting up of state-of-art processing facilities for Value Added Marine Products meant for export.
- Operates assistance scheme for setting up of cold chain for proper storage/transportation/ preserving the fish and fishery products meant for export.

### Steps taken to increase production and exports

- Technical assistance provided for the development of aquaculture in all the maritime states of the country for sustainable production of seafood.
- Capacity building of farmers to take up certification to improve market access for cultured products.
- Encouraging Cluster farming through Aqua Farmers Welfare Societies and adoption of Code of Practices for sustainable shrimp culture by extending financial assistance for setting up common facilities.
- Providing assistance for adopting better management practices in aquaculture.
- Popularizing the technology through field demonstrations and financial assistance for Crab farming, all male Genetically Improved Farmed Tilapia (GIFT) culture, Cobia culture, Seabass culture etc.
- Operating Aquatic Quarantine Facility for importing of high quality

Brooders and operating Brood Stock Multiplication Centers, Hatchery, Nursery etc. for supporting the export oriented aquaculture.



Commerce & Industry Minister inaugurating Multispecies Aquaculture Complex



## INDIAN INSTITUTE OF FOREIGN TRADE

**Overview:** Indian Institute of Foreign Trade (IIFT) was set up on 2<sup>nd</sup> of May 1963 as an Institution with a focus on foreign trade related research and training. Since inception, the Institute has evolved and undergone major transformations and has, over the years, broadened the scope and dimensions of its academic activity that now encompasses the full spectrum of international business. Today, the Institute, in its 56th year, is widely recognized for its knowledge and resource base, its rich heritage and strong alumni network both in India and abroad.

## **MMTC Limited**

### **Organizational Structure and Functions'**

The MMTC Limited was incorporated in 1963 as an independent entity primarily to deal in exports of minerals and ores and imports of non-ferrous metals. Over the years, MMTC diversified its business portfolio keeping in view national requirements and new business opportunities including import and export of various items. Commodities like fertilizers, steel, diamonds, coal & hydrocarbon, bullion, agro etc. were progressively added to the portfolio of the company.

Besides acting as canalizing agency for Iron Ore, Manganese Ore, Chrome Ore/Concentrate & Import of Urea, MMTC functions as one of the Nominated Agency for Import of Gold & Silver, sale of Sovereign India Gold Coin, Import of Pulses, trading in other commodities like Agro Products, Fertilizers, Coal, Steel, Non-ferrous metals, Pig Iron etc. and investment in trade related JVs like NINL, MMTC PAMP, FTWZ, Indian Commodity Exchange Limited (ICEX) etc.

### **New Initiatives:**

#### **a) Make in India:**

In line with Govt. of India's initiative of Make in India, following initiatives were taken by MMTC.

- Launch of India's first Sovereign Gold Coin - India Gold Coin (IGC) in November, 2015. MMTC has undertaken marketing of IGC unveiled by the Hon'ble Prime Minister of India. The coins are minted in 5 gms, 10 gms and bars in 20 gms denomination at India Govt. Mint, Mumbai and Kolkata. Total turnover of IGC sales achieved during 2017-18 was Rs. 55.16 crore. MMTC has tied up with Banks to sell IGC through branches to make easy availability of the coins across India. Efforts are on to further expand distribution network for sale of Indian Gold Coin.
- The joint venture for gold / silver refining and medallion manufacturing unit in collaboration with PAMP Switzerland in the name of MMTC-PAMP India Pvt. Ltd. achieved a turnover of Rs. 34,022 crore and profit after tax of Rs. 43.69 crore for the year 2017-18. MMTC has received an interim dividend of 30% for its investment in MMTC-PAMP India Pvt. Ltd. for FY 2017-18. MMTC-PAMP became India's first LBMA accredited refiner for Gold and silver. During 2017-18, MMTC has sold Gold Bars produced

by MPIPL in the domestic market achieving a turnover of Rs. 481 crore and sale of silver bar of Rs. 170 crore.

- After lot of efforts, NINL Steel Plant (Joint venture of MMTC & Govt. of Odisha) could sign Iron ore Mining lease on captive basis with Govt. of Odisha for 874.24 hectare having 92 million tonne of mineable iron ore reserves in the State of Odisha. Mines are planned to commission iron ore production by March, 2019. NINL has also signed MOU with NALCO for setting up of Coal Tar Pitch Plant.

#### **b) Swachh Bharat**

During 2017-18, MMTC's Board of Directors allocated Rs. 30 lakhs for undertaking CSR activities to support the Swachh Bharat Abhiyan. The funds allocated for CSR were utilized for Creation of sanitation in Govt. Schools, Clean Ganga Campaign etc.

#### **c) Digital India:**

As a part of implementing Govt. of India's initiative of Digital India, MMTC ERP system up-gradation / migration to a new version for plugging the gaps in existing ERP module (which was implemented in 2002) have been upgraded. In addition,

100% E-tendering is being followed in MMTC including E-Payments and BHIM.

#### **d) Diversification:**

MMTC has created two new divisions with a view to diversify into new areas and enhance exports namely;

- ❖ Engineering goods and related products with focus on SME sector.
- ❖ Drugs, Pharmaceuticals and Chemicals.

#### **e) Clean Energy:**

MMTC has set up a 15 MW capacity Wind Mill project at Gajendragad in Karnataka at a cost of Rs. 68.75 crores. The project is running successfully and has contributed to the development of the area by meeting some portion of energy needs of Karnataka state. MMTC is exploring possibilities of expansion of the said wind mill project.

#### **f) Trade related infrastructure:**

To facilitate promotion of two-way trade, the SPV promoted by MMTC in association with IL&FS IIDC has been allotted land to set up International Cargo hub at Haldia and Free Trade and Warehousing Zone at Kandla on lines similar to Special Economic Zone.

#### **g) Marketing support to North East states:**

In order to provide support to North East states, MMTC has opened its office at Guwahati, Assam and have already initiated procurement of commodities like Ginger, Turmeric and large Cardamom for marketing in rest of India and is also exploring for exports of the same.

#### **h) Government buffer stock of imported Pulses:**

Under the Price Stabilization, MMTC has played a pioneering role for import of pulses. For building buffer stock of pulses, MMTC has been designated as one of the agencies for import of pulses by Government of India. As per directions of Govt. of India, during FY 2017-18, MMTC has imported approx. 3.79 lakh tonnes of various pulses for the buffer stock programme. These pulses are being stored at various port godowns and are being released to State Government Agencies and open market as per the advice of Department of Consumer Affairs, Govt. of India.

#### **State Trading Corporation of India**

STC was set up on 18<sup>th</sup> May 1956 primarily with a view to undertake trade with East European countries and to supplement the efforts of private trade and industry in developing exports from the country. Since then, STC has played an important role in country's economy. It has arranged imports of essential items of mass consumption (such as

wheat, pulses, sugar, edible oils, etc.) and industrial raw materials into India and also contributed significantly in developing exports of a large number of items from India. The core strength of STC lies in handling exports/imports of bulk agro commodities. Over the years, STC has also diversified into exports of steel, iron ore, red sanders, agro-chemicals and imports of bullion, hydrocarbons, minerals, metals, fertilizers, petro-chemicals, etc. STC is today able to structure and execute trade deals of any magnitude, as per the specific requirement of its customers.

#### **Indian Institute of Packaging**

**Overview:** The Indian Institute of Packaging is an autonomous body in the field of packaging technology which was set up on 14<sup>th</sup> May, 1966 as a society under the societies registration act, 1860 by the leading packaging and allied industries and the Ministry of Commerce & Industry, Govt. of India. The main objective of this Institute is to promote the export market by way of innovative package design and development and also to upgrade the packaging standards at National level. The head office of the Institute is situated at Mumbai and its branches are located at Delhi, Kolkata, Chennai and Hyderabad. A full-fledged centre of the Institute will be established at Ahmedabad to provide the services to the industries. In addition, there are two more

centres are yet to be made operational at Kakinada and Bangalore. The Institute has got an excellent rapport with International organizations like World Packaging Organization (WPO) and Asian Packaging Federation (APF). The Institute is involved to different activities like testing and certification of packaging materials and packages, training and education, consultancy services and R&D activities related to packaging. In addition, the Institute do organize a bi-annual event i.e., International packaging exhibition i.e. INDIAPACK and national contest for excellence in packaging i.e., INDIASTAR.

### **Export Inspection Council**

The Export Inspection Council (EIC) was enacted under Section 3 of the Parliamentarian Act, the Export (Quality Control and Inspection) Act, 1963 Government of India to ensure sound development of export trade of India through Quality Control and pre shipment Inspection and for matters connected thereof. EIC is an advisory body to the Central Government for notification of commodities which will be subjected to quality control and/ or inspection prior to export, establish standards of quality for such notified commodities, and also to specify the type of quality control and/or

inspection to be applied to such commodities. In this era of changing dynamics of food safety regulations and certification, EIC has transformed its role and functions to build up the confidence among the trading partners across the globe. EIC has been instrumental in evolving the stakeholders including exporter's fraternity to meet the changing needs of the importing countries with rising prevalence of food safety incidents and technological upgradations.

### **Indian Diamond Institute (IDI)**

Indian Diamond Institute (IDI) was established in 1978 under Society Registration Act, 1860 and also under the Bombay Public Trust Act, 1950, with a focus to provide a vocational education in the field of Diamond, Gems & Jewellery. IDI is sponsored by Ministry of Commerce & Industry, Government of India & is a project of The Gem & Jewellery Export Promotion Council. IDI conducts vocational educational level programmes in the areas of Diamond Manufacturing, Diamond Grading, Jewellery Designing & Jewellery Manufacturing, Gemmology thereby covering entire spectrum of Gems & Jewellery education under one roof. Institute, as a knowledge provider to the re-skilling programmes launched by

the GJEPC, upgrade/impart the skill to  
315 small/medium diamond/jewellers  
manufacturers in interior parts of Gujarat.

IDI is also recognized as an Anchor  
Institute-Gems & Jewellery by Industries  
Commissionerate, Government of Gujarat.



**PROGRAMMES  
UNDERTAKEN FOR THE  
WELFARE OF SCs/STs/OBCs,  
WOMEN & PERSON  
WITH DISABILITIES**

## **Chapter 9: Programmes undertaken for the welfare of SCs/STs/OBCs, Women & Person with Disabilities**

The Department of Commerce liaises with the attached and sub-ordinate offices, autonomous bodies, Public Sector Undertakings and Commodity Boards under its administrative control for proper implementation of the directions of the Government of India related to the reservation as well as other welfare measures for the SCs, STs, OBCs categories.

There is an SC/ST Cell headed by the Liaison Officer – an officer of the level of Deputy Secretary, functioning in the Department of Commerce. The Liaison Officer ensures prompt disposal of the grievances of the SC/ ST category employees and also takes care that the various benefits admissible to the reserved categories are complied with by the associate organizations of the Department.

A statement showing total number of Government employees and the number of SCs/ STs/ OBCs/PWDs as on 31.10.2018 in Department of Commerce (proper) and its associate organizations is shown at Annexure A. The welfare activities undertaken by different organizations

attached to this Department are given in the succeeding paragraphs.

### **Welfare of SC, ST and OBC**

#### **1. PEC LTD**

Government Directives / Instructions with regards to SCs/STs/OBCs are duly complied with in PEC. In PEC, there exists a Time Scale Promotion Scheme for staff cadre. Qualifying period for promotion for employees belonging to SC/ST categories is relaxed by one year in each stage of Promotion. Further a Complaints register is being maintained at Head Office. No complaint has been received in 2018-19.

#### **2. Spices Board**

The Board had constituted SC/ST & OBC Committees for looking after the welfare of the employees and to sort out their problems. The Board had nominated a Liaison Officer for reservation matters relating to SC/ST/OBC.

#### **3. MMTC Ltd.**

The total strength of employees in MMTC as on 31st October, 2018 was 906 out of which 191 employees belong to SC and 96 to ST category. In terms of percentage of representation of SC and ST, this works out to 21.08% and 10.59% as against the required percentage representation of 15% and 7.5 % respectively.

### **SC/ST Cell and Liaison Officer**

An SC/ST Cell is in existence in the Company. A Chief General Manager has been appointed in the Corporate Office as Chief Liaison Officer and Liaison Officers have been appointed in each of the Regional offices to ensure compliance of the Orders and Instructions of the Government Directives pertaining to reservation and other concessions as admissible to them.

### **Relaxation and Concessions**

Relaxations of five years in age is provided to SC/ST candidates in Direct Recruitment.

As regards departmental promotion following relaxations are provided:-

- ❖ For promotion from staff cadre to officer cadre, relaxation of 5% in qualifying marks in written test.
- ❖ Promotion within staff cadre, one year relaxation in qualifying period for promotion under seniority-cum-fitness and relaxation in qualifying marks under seniority-cum-merit.

SC/ST representative is nominated in all Selection Committees for Direct Recruitment and Departmental Promotion Committees for promotions.

### **Training**

In order to upgrade their business and soft skills, SC and ST employees were nominated to various In-house training programmes as well as programmes conducted by renowned agencies.

### **Quarter allotment**

Reservation in quarter allotment is provided to SC and ST employees to the extent of 10% for A & B type accommodation and 5% in respect of C & D accommodation.

### **Meetings**

The Company has in place “Structured Meetings Scheme” in which the Management meets various representative bodies of employees periodically in order to discuss and resolve issues on service matters and welfare measures. In line with this philosophy, periodic meetings with MMTC SC/ST Welfare Associations in all offices of the Company and the Federation of MMTC SC/ST Welfare Associations are convened.

### **4. Export Credit Guarantee Corporation of India Ltd.**

#### **Programmes for SC & ST welfare:**

- Pre-examination training for recruitment is conducted for candidates from SC/ST category.
- The representatives of SC & ST Union are nominated for training on

reservation for recruitment and promotion in Government Companies. Liaison Officer for SC & ST Welfare has been appointed to deal with the matters related to employees from SC & ST category.

- Reservation is provided to SC & ST candidates in recruitment and promotion as per Government of India rules.
- At least one member from SC & ST category is appointed on the panels constituted for recruitment/promotion of candidates/employees.

#### **Programme for OBC welfare**

1. Reservation policy of Government of India is followed for recruitment of OBC candidates.
2. Liaison Officer for OBC welfare has been appointed to deal with the matters related to employees from OBC category.
3. Due consideration is given to appointment of member from OBC category on recruitment panels.

#### **5. Indian Trade Promotion Organization**

Guidelines on reservation were complied with in ITPO. Liaison officers have been nominated to look after the interests of

SCs/STs & OBCs. In every Departmental promotion/selection committee meeting officers of appropriate level belonging to SC/ST and minority category have been associated to look after the interests of the candidates belonging to these categories.

#### **6. Coffee Board**

The Coffee Board is pursuing a multi dimension approach by creating an enabling environment keeping in view the overall welfare and development of the SC, ST, OBC and Women Employees.

#### **7 Noida SEZ**

All group 'A' & 'B' posts are deputation post except 4 Group B posts. All Government directives/instructions with regard to SC/ST/OBC are duly complied with by NSEZ. As against total employees of 68 posts, there are 10, 5 and 12 employees belonging to SC,ST and OBC respectively.

#### **8 State Trading Corporation of India (STC) Limited**

During the period (from 01.01.2018 to 31.10.2018) a total of 33 employees have been imparted training which were domain specific and behavioural/managerial training.

The category wise break-up of the employees trained during the said period is given below:

<b>Category</b>	<b>SC</b>	<b>ST</b>	<b>OBC</b>	<b>Women</b>
<b>No. of Employee Trained</b>	<b>06</b>	<b>00</b>	<b>06</b>	<b>11</b>

**9) Directorate General of commercial Intelligence and Statistics**

Liaison officer for SC/ST and OBC has been appointed and as per the direction of Liaison officers this Directorate submits requisition to component authority for appointment of candidates.

**10) Visakhapatnam SEZ**

Appointed 'Liaison Officer' to protect interest of SC&ST employees. Liaison Officer appointed for OBC Employees also.

**11) Rubber Board**

Rubber Board appointed Liaison officer to attend the grievances of SC, ST and OBC. Liaison officer maintains statutory registers to file the complaints/grievances. Board periodically monitors such complaints, if any and disposes of such grievances in time. The services of the Liaison Officer is being effectively utilizes by SC/ST/OBC employees as and when they have complaint/grievances.

**12) Indian Institute of Foreign Trade**

The instructions issued by Government of India relating to Reservation are followed by IIFT. Relaxation of 5% marks in written test for appointment/promotion is allowed to candidates belonging to reserved categories. As per instruction of Government of India, in selection Committee for Direct Recruitment a well as Departmental Promotions, representatives from SC/ST/OBC categories are nominated.

**Programmes Undertaken for Welfare of Persons with Disabilities(PwDs)**

**Section 34 (1)** of 'The Rights of Persons with Disabilities Act, 2016 inter-alia states that every appropriate Government shall appoint in every Government establishment, not less than four per cent. of the total number of vacancies in the cadre strength in each group of posts meant to be filled with persons with benchmark disabilities of which, one per cent. each shall be reserved for persons with benchmark disabilities under clauses (a), (b) and (c) and one per

cent. for persons with benchmark disabilities under clauses (d) and (e), namely:

(a) Blindness and low vision;

(b) Deaf and hard of hearing;

(c) Locomotor disability including cerebral palsy, leprosy cured, dwarfism, acid

attack victims and muscular dystrophy;

(d) Autism, intellectual disability, specific learning disability and mental illness;

(e) Multiple disabilities from amongst persons under clauses (a) to (d) including

deaf-blindness in the posts identified for each disabilities:

There are guidelines on providing facilities to the disabled persons so that a barrier-free workplace is made accessible to the differently abled persons. A statement showing total number of PWDs in different categories as on 31.10.2016 in Department of Commerce (proper) and its associate organizations is shown at Annexure B.

### **1. PEC LTD**

Government Directives/instructions with regards to Persons with Disabilities are duly complied with in PEC. In PEC, there exists a Time Scale Promotion Scheme for staff cadre. Qualifying period for promotion for employees belonging to SC/ST and Persons with Disabilities categories is relaxed by one

year in each stage of Promotion. Further, a Complaints Register is being maintained at Head Office. No complaint has been received till date.

### **2. Spices Board**

Spices Board has nominated a Liaison officer for looking after the reservation matters and grievances of person with disabilities. During this year, 1 post has been reserved for UR-PWD(OA/OL) in Group A category and the same has been filled up with the approval of Department of Commerce on 03.04.2018. Request has been sent to the Ministry of Commerce and Industry seeking approval for filling up the vacant posts.

### **3. Export Credit Guarantee Corporation of India Ltd.**

- PWD candidates are transferred according to suitability of posts to PWD employees.
- Scribe is allowed to them in recruitment and promotional examination.
- PWD employees are preferably posted in the offices at ground floor.
- Government Reservation Policy for recruitment of PWD is strictly followed.
- Liaison Officer for PWD has been appointed to deal with the matter related to candidates from PWD category.

#### **4. Coffee Board**

The Coffee Board is pursuing a multi dimension approach by creating an enabling environment keeping in view the overall welfare and development of the PwD Employees.

#### **5. State Trading Corporation of India (STC) Limited**

During the period (from 01.01.2018 to 31.10.2018), 03 nos. Of PwD employees have been imparted training which were domain specific and behavioural /managerial training.

#### **6. MMTCL Limited:**

Out of total manpower of 906 as on 31.10.2018, there were 21 officials belonging to PwD i.e. 2.32%. Employees belonging to PwD have been assigned jobs which they can perform efficiently keeping in view their disability. A permanent ramp has been erected at the main entrance gate of Corporate Office for easy mobility of a PwD employee who uses Wheel Chair. Office Buildings have auditory signals announcing the floor destination. Some of them have floor requisition buttons in Braille Symbols. Taps and Toilets have been adapted to facilitate use by persons with disabilities.

#### **7. Noida SEZ**

Recruitment related direction and instructions issued by the Government for

welfare of PwD has been followed in this office and one post are reserved for orthopedically handicapped person in Group 'C' Category and same has been filled up by absorption/transfer on 07.11.2016.

#### **8. MEPZ Special Economic Zone.**

Ramps made available for entry/exit from the office for the physically challenged. Specialized rest rooms, for the persons with disabilities has been constructed.

#### **9. Rubber Board**

Rubber Board appointed Grievance Redressal officer to attend the grievances of persons with disabilities. The Liaison officer maintains statutory registers to file the complaints/grievances. Board periodically monitor such complaints, if any and disposes of such grievances in time. The Board also celebrates the International Day of Persons with disabilities on 3<sup>rd</sup> December of every year by organizing speeches of eminent persons with disabilities and honour all the employees of the Board who are differently abled.

#### **10. Indian Trade Promotion Organisation**

The provisions contained in Persons with Disabilities (Equal Opportunities, Protection of Rights and Full participation) Act, 1995 regarding reservation in posts/services for disabled persons have also been compiled with.

## **Programmes Undertaken for Welfare of Women**

An independent Women Cell has been set up in the Department of Commerce with the following functions:

- a) Coordination with the Ministry of Women and Child Development, National Commission for Women and other concerned agencies in respect of the matters connected with welfare of Women.
- b) To review plan schemes and other programmes of the Department of Commerce and to ensure aspects of women welfare, development and welfare.
- c) Preparation of action plans pertaining to the Department for overall development of Women in line with the National Policy for Empowerment of Women.
- d) Observing Awareness Week for prevention of sexual harassment of women along with Vigilance Awareness Week.
- e) Other incidental matters relating to the subject.

### **1) PEC LTD**

PEC is a small organisation having 98 employees, out of which 21 are women, as on 31.10.2018.

In compliance with the terms of Section 4(1) of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, 'Internal Complaints Committee' has been re-constituted in PEC for prevention and redressal of sexual harassment of women at workplace.

A comprehensive policy for Prevention, Prohibition and Redressal of Sexual Harassment of women employee in PEC has been adopted with the approval of the Competent Authority.

One complaint has been received from an employee in Feb, 2018 and enquiry has been completed as per the provisions of policy. No new complain has been received in 2018-19.

### **2) MMTC Ltd.**

- (a) Women welfare activities in MMTC are derived out of the broad guidelines of the National Policy on Women Empowerment and objectives of the Forum of Women in Public Sector (WIPS). A General Manager of MMTC, a female officer, is the National President of the Forum. The welfare activities for women include creating a networking platform for women from various Public Sector Enterprises, Banks and Insurance

Companies for mainstreaming their potential/professional growth and integrating women welfare with the growth of the organization.

(b) Other welfare activities include Free Health Checkup for women employees. The promotion policy in MMTC gives equal opportunity of selection to deserving & meritorious candidates at every level up to below board level irrespective of gender.

(c) Protection against sexual harassment of women – There is an active Complaint Committee at Corporate Office as well as at Regional Offices to deal with Sexual Harassment of women based upon the Sexual Harassment of women at work place (Prevention, Prohibition & Redressal) Act, 2013, Guide Lines received from DPE/Ministry of Commerce and order passed by the Hon'ble Supreme Court of India laying down strict guidelines to be followed in tackling sexual harassment cases of women in the work place. Women employees are free to approach the Complaint Committee to register any complaint related to sexual harassment. From time to time efforts are made to

sensitize women employees of their rights under the Scheme through circulars. Monthly report is also obtained from Regional offices of cases of Sexual Harassment of women for close monitoring.

(d) Good representation of women employees is ensured in functional and behavioural trainings organized by MMTC.

### **3) Export Credit Guarantee Corporation of India Ltd.**

1. Programmes on issues related to women is conducted on Women's Day.

2. Women employees are nominated for the programs/seminars/workshop conducted by WIPS (Women in Public Sector)

3. A committee on sexual harassment at workplace is in place.

4. Due consideration is given to appointment of women member on recruitment panels.

### **4) Noida SEZ**

In accordance with Section 4 of sexual harassment of women at work place, (prevention, prohibition and redressal) Act, 2013 an internal complaint to Committee have been constituted which is led by a woman officer and has 2 women members, including one woman NGO member.

5) **Directorate General of commercial Intelligence and Statistics**

In case of women, a women cell has been constituted for looking after the matter of women.

6) **Visakhapatnam SEZ**

Constituted internal Complaints Committee for prevention of Sexual Harassment.

7) **Spices Board**

A woman (Group A level) officer of the Board has been appointed as “woman welfare officer” to short out the difficulties/problems, if any, or to bring them to the notice of the higher authorities along with suggestions for possible solutions. The grievances of woman employees are timely and properly attended.

8) **Rubber Board**

As per the Law of Sexual Harassment of Women at workplace (Prevention, prohibition and redressal) Act 2013, Internal Complaints Committee is

constituted. The Committee consists of four number of members including one member from outside, who is well versed with social work activities. The Committee meeting is being held in every quarter and no complaints is reported so far. The name of the Committee members is published in the website of the Rubber Board.

9) **Indian Trade Promotion Organisation**

A Women’s Cell has been created in ITPO in regarding to Sexual Harassment of women at work place, and reports in this regard are being sent to Department of Commerce every month.

10) **Indian Institute of Foreign Trade**

Women are nominated on Selection Committee. As a welfare measure, employees of the institute (including women employees) on administrative side are nominated to attend training programmes organized by ISTM and other organizations.



**TRANSPARENCY, PUBLIC  
FACILITATION AND ALLIED  
ACTIVITIES**

**Chapter 10: Transparency, Public Facilitation and Allied Activities**

**CITIZENS' CHARTER**

The Department of Commerce is committed to act with integrity, judiciousness, transparency, accountability and with courtesy and understanding in dealings with the trade and public. All the services and commitments are to be delivered to citizens in most effective and efficient manner.

The department will strive to evolve procedures in Foreign Trade Policy to maximize public benefits and is committed to simplify various requirements necessary under rules in force, in the context of a globalized and liberalized economy. We will continuously consult client groups and give timely publicity to all changes in law and procedures relevant to the department. Standards of services provided: -

<b>S. No.</b>	<b>Services/Transaction</b>	<b>Maximum Time Limit</b>
1.	Approval for grant of financial assistance under MAI scheme.	90 days from the date proposals are received in E&MDA Division.
2.	Approval for grant of financial assistance in respect of projects under Trade Infrastructure for Export Scheme (TIES).	90 days from the receipt of application for release of first instalment subject to availability of complete documents and availability of funds.
3.	Approval for setting up of Special Economic Zone (SEZ)	i. Placement of cases before the Board of Approval(BOA) within 60 days of receipt of State Government's recommendations and complete documents; ii. Issue of approval letter within 15 days of BOA approval subject to security clearance.
4.	<b><u>RTI Act, 2005</u></b> I. Provide information or reject the request for any of the reasons specified in the RTI Act, 2005.  II. Disposal of appeals preferred under RTI Act, 2005.	I. Within the time limits prescribed in the RTI Act, 2005.  II. Within the time limits prescribed in the RTI Act, 2005.
<b>PUBLIC GRIEVANCE MECHANISM</b>		
5.	Resolving Public Grievances	60 days * ( * Subject to receipt of complete details and receipt of response from the authority taking final decision on the grievance) ( # If longer period is involved, the complainant will be informed through an

		interim reply within 60 days.)
6.	For taking actions by the Appellate Committee on appeals preferred against statutory orders passed by DGFT, etc.	Within 3 months <b>Note : This is subject to receipt of complete details/documents from the appellant and respondents</b>

## **PUBLIC GRIEVANCES**

Public Grievance Cell deals with problems of staff of Department and offices under its control for speedy redressal. A grievance box has also been provided at the Information and Facilitation Counter situated at Gate No. 14, Udyog Bhawan, New Delhi.

### **Vigilance**

The Vigilance Section in the Department with the Joint Secretary & Chief Vigilance Officer (JS&CVO) as the Divisional head deals with the following work:-

- Implementation of Conduct rules
- Processing of annual property returns
- Furnishing of CVO's monthly report on vigilance activities to CVC
- Compiling quarterly statistical reports of vigilance cases for sending a consolidated quarterly report to the Department of Personnel
- Work relating to granting permission under the provision of the Conduct Rules

Vigilance Section also handles the following activities:-

- Conducting regular and surprise inspections of sensitive offices
- Review and streamlining of procedures, which appear to afford scope for corruption or misconduct and for initiating other measures for the prevention, detection of corruption and other malpractices and punishment to the corrupt in the Department as well as its attached and subordinate offices and Public Sector Undertakings
- Keeping a watch on the movement/visits of Undesirable persons in the Department
- Preparation of a list of officers of "Doubtful Integrity" /Agreed list and their postings to non-sensitive areas

During the year 2018-19 (1<sup>st</sup> April 2018-26<sup>th</sup> November 2018), about 103 (approx.) investigations/inquiries were conducted and on the basis of these inquiry proceedings, in

29 (approx.) cases major/minor penalties were imposed in attached and subordinate offices, PSUs, Autonomous Bodies/Commodity Boards and the Department of Commerce.

Vigilance Awareness Week was observed by conduct of workshop/sensitization programmes, pledge taking, issue of pamphlets etc during the period 29<sup>th</sup> October, 2018 to 3<sup>rd</sup> November, 2018 to create awareness amongst officers and staff.

### **Right to Information**

#### **Transparency, Public Facilitation and Allied Activities – Right to Information.**

The Department of Commerce (DoC) has implemented the Right to Information Act, 2005 and has put in place all necessary systems and procedures on the website of the Department.

To facilitate the citizens who come in person to submit RTI applications/appeals, Facilitation Counter has been set up at Gate No. 14, Udyog Bhavan, New Delhi to receive applications/appeals from them. At present, there are 40 Central Public Information Officers (CPIOs) of Directors/Deputy Secretaries level in the Department and 18 First Appellate Authorities (F.A.A.s), who are Additional

Secretary/Joint Secretary/Director level officers to hear and dispose of first appeal(s) filed under the RTI Act. Shri Rajneesh, Joint Secretary has been designated as Transparency Officer, Department of Commerce.

Besides, there are 31 Public Authorities (P.A.s) under the jurisdiction of DoC. All these P.A.s have their own CPIOs and F.A.A.s for implementation of the provisions of the RTI Act.

During the period from April, 2017 to March, 2018, 901 RTI applications were disposed of by different CPIOs/Appellate Authorities of this Department and 420 applications were transferred to other Public Authorities. During the same period, 69 appeals were also disposed of as per provisions of the RTI Act.

During the period from April, 2018 to September, 2018, 378 applications were disposed of by different CPIOs of this Department and 181 applications were transferred to other Public Authorities. During the same period, 49 appeals were disposed of as per provisions of the RTI Act.

### **Hindi Official language**

**Official Language:** The Official Language Division monitors the progressive use of Hindi and implements the Official Language

Policy set out by the Department of Official Language in the official work of the Department. Necessary action has been taken to achieve the targets set out in the Annual Programme for the year 2018-19.

**Hindi Salahakar Samiti:** All the ministries and departments are required to constitute a Hindi Salahakar Samiti to review progressive use of Hindi in Official work of the Department as well as various organizations under its administrative control. Hindi Salahakar Samiti of this department has been reconstituted and its notification has been released vide resolution No.11011/4/2009, dated 18.01.2018.

**Committee of Parliament on Official Language:** During the year 2018-19 the Committee of Parliament on Official Language inspected organizations under Department of Commerce wherein Joint Secretary (Official Language In charge) and Director (Official Language) or Joint Director (Official Language) were present. The assurances given during these meetings were communicated to the concerned organization for their early fulfilment.

**Rajbhasha Shield Yojna for Attached/Subordinate offices:** This incentive scheme is being implemented in

the department for its attached/subordinate offices for many years. Under this scheme shield/trophies are awarded to the offices for their performance in the field of official language. Their performances are evaluated by a committee on the basis of the prescribed performance and relevant documents submitted by them. The results of this scheme are under consideration of the committee.

**Inspections:** The progress made in promoting the use of Hindi in the organizations under the control of the Department is monitored and reviewed through their Quarterly Progress Reports and through inspections. To review the position of progressive use of Hindi in official work. As on date Official Language inspections of 6 attached offices of Department of Commerce were also carried out by the officials of Hindi Division.

**Correspondence:** The Department ensures compliance of Section 3(3) of the Official Language Act wherein all papers/documents are issued bilingually (Hindi & English). In compliance of Rule 5 of the Official Language Rules, letters received in Hindi are invariably replied to in Hindi. Letters received from the offices located in Region 'A', 'B' and 'C' are also replied to in Hindi.

### **Government e-Market (GeM) SPV**

As owner of the National Public Procurement Portal (Section 8 Company registered under the companies Act, 2013), GeM SPV builds, operates and maintains the GeM platform, which provides for Procurement of Goods and Services Required by Central & State Government Organizations. GeM has increased transparency, efficiency and speed in public procurement.

GeM SPV provides an end-to-end online Marketplace for Central and State **Government** Ministries /Departments, Central & State **Public** Undertakings (CPSUs & SPSUs), Autonomous institutions and Local bodies for Procurement of common use Goods & Services in transparent and efficient manner.

As per the GFR rule 149, Procurement through GeM is mandatory for all Goods and Services available in GeM.

For Non PFMS entities, including State Governments, transferring the money to GeM Pool Account is mandatory for all purchases above Rs 10 lakhs.

As on date more than 6.52 lakh products & services about 1.65 lakh sellers and service providers and more than 30,000 buyer organization are part of GeM. More than

10.24 lakh orders, worth Rs 15,104 crores have been process through GeM.

The National Mission on GeM (NMG) was launched on 5<sup>th</sup>September 2018, which concluded on 17<sup>th</sup> October 2018 for accelerated adoption and use of GeM by major Central Ministries, State/UTs and their agencies (Including CPSUs/PSUs, Local Bodies).

### **Pay & Account**

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Government of India  
Ministry of Commerce & Industry  
Department of Commerce