

Minutes

Joint Meeting of Board of Trade & Council for Trade Development & Promotion

June 06, 2019 New Delhi

A joint meeting of Board of Trade and Council of Trade Development & Promotion was held on 06 June 2019 under the chairmanship of Union Minister of Railways, Commerce and Industry, Shri Piyush Goyal.

List of participants is at annexure 1.

Minute to minute programme of the meeting is at annexure 2.

DGFT welcomed all the participants in the first ever joint meeting of the Board of Trade and the Council of Trade Promotion and Development. He stated that the first half is broadly dedicated to exports and second half to domestic manufacturing. The meeting was planned in such a way that there was opportunity for regular discussions after brief presentations so that there was a lot of time for interaction on specific issues

Commerce Secretary stressed that India's exports had faced a very challenging period in recent years, on account of developments arising from the global financial crisis of 2008-09, which accentuated after 2013-14, when the world economy experienced a major trade slowdown. Thus, after achieving a turnaround from the initial shock, exports came under immense pressure again in the post 2013-14 period due to accentuation of the global economic / financial crisis in the second phase when countries like China also got adversely affected. However, since then exports have been growing on a secular basis since 2016-17 for almost three years and total exports reached a new peak of more than half a trillion dollars, for the first time. However, India's share in the total world exports both for good and services is rather low and it reflects various structural and supply side shortcomings of the economy. The low share can also be viewed as an opportunity which can be utilised collectively by the industry, state governments, and the central government. There is a need to create enabling policy framework and investment climate so that industry can prosper both in domestic and foreign markets.

Secretary, DPIIT, mentioned that there are many challenges and these challenges are opportunities as well and it is expected that during the meeting today, many new ideas would be conceptualized and solutions would be found.

The CEO, Niti Aayog stated that India needs to grow at 9 to 10% on a consistent basis for the next three decades to be able to lift its population above the poverty line. It was mentioned that countries such as Japan, Korea, Taiwan, China have grown aiming at global market and none of these countries could have exported without having a strong manufacturing base producing quality products. It is required that the Government and the Industry work as a team to ensure that India penetrates the world market and grows with growth in jobs.

Commerce & Industry Minister, in his opening address, highlighted that this time, meeting with Industry has been combined with the meeting with States in order to have holistic discussion in the true spirit of cooperative and competitive federalism. He emphasised that industry should move away from the clutches of subsidies as subsidies limit the growth of industry. More important thing is to address fundamental problems which are inhibiting the growth such as access to credit and more so credit in foreign currency, infrastructural constraints, procedural complexities, etc. He assured the industry full support of the Government in addressing these genuine difficulties. He highlighted the achievements of the government in terms of exports crossing half trillion mark for the first time with goods exports at all time high of USD 331 billion, “Ease of doing business” rank improving to 77 and logistics rank improving to 44th. Procurement of more than Rs 25,000 crore have been undertaken by Governments on GeM portal resulting in huge savings. He urged the industry captains and State Governments to think and aim big and work in a holistic manner for achieving an export target of USD \$ 1 trillion each in goods and services sector in the next 5 years.

Presentation by Industry:

DG FIEO made a presentation on measures required for promotion of exports. Concerns of the exporters due to global factors such as subdued growth in global trade, uncertainties owing to tariff war, volatility in commodities/currencies, rapid rise in trade restrictive measures, India graduating out of Annex VII of ASCM, tariff advantage to competitors due to FTAs and loss of GSP benefits in US and increasing sanctions on countries and domestic factors such as availability of credit at competitive rates, liquidity challenges under GST, high logistics cost, labour laws and skilling etc. were brought out. GST problems in refund of ITC, pre-import conditions under Advance Authorisation, issues relating to merchant exporters, credit of duties on regularisation of Advance Authorisation etc were also presented. It was emphasised that high and medium tech products hold the key as 84% of world trade is in manufactured product and 58% of the world's exports of manufactured products consists of medium and high tech products. Suggestions were given for setting up of an Export Development Fund, expansion of RoSCTL to other sectors, R&D support, brand promotion, treating sales to foreign tourists as exports, extension of interest equalisation to services, treating mode-2 as exports for taxation purpose, etc. Representatives of other export promotion councils and industrialists also made suggestions during the interactive session.

Presentations by D/o Commerce and D/o Promotion of Industry and Internal Trade:

Presentations on different subjects relating to DoC i.e. export promotion issues, agriculture export, logistics and issues relating to export infrastructure in States were made. Presentation were also made by DPIIT on different areas like ease of doing business, import substitution, Make in India/public procurement, monitoring of infrastructure projects, intellectual property rights and geographical indicators, internal trade, Government e-marketplace (GeM), state investment promotion and industrial clusters.

State Governments were informed that small traders face major problems in registrations & renewals of various licenses. It was noted that a Model Shops & Establishments Act has been circulated by Ministry of Labour, Govt of India for adoption by all States. It has many positive aspects such as reformed registration and renewal of permits, seven days a week

and round the clock work. However, only Maharashtra (2017) and Gujarat (2019) have adopted it till date. Similarly, it was noted that the States issue a number of control orders under the Essential Commodities Act. These orders also require frequent renewal of licences. States should make necessary amendments to all such control orders to move away from any renewal of licences. It was also informed that many States have implemented Centralized Computerized Inspection Management System for inspection of industries which involves risk based selection, random assignment of inspectors, standardized inspection reports, uploading reports in 48 hours on the website etc. State Governments were requested to implement this system across all segments to ensure bias free inspection regime. States were also requested to constitute a professional State Investment Promotion Agency for attracting investments into their States for economic growth and job creation [at the national level - Invest India, under DPIIT, is the national investment and promotion agency]. States of Arunachal Pradesh, Bihar, Jammu & Kashmir, Mizoram, Manipur, Meghalaya, Nagaland, Sikkim, Tripura and Uttarakhand were also requested to become owners of Invest India by completing necessary formalities. State Governments also need to optimally utilize the services offered by Invest India for creation, evaluation and restructuring of their investment promotion agencies, its programmes and strategies. States were also informed about various cluster development schemes including for leather, footwear etc.

Detailed discussions were also held regarding implementation of new Agricultural Export Policy, reducing logistics costs, improving ease of doing business in all States, increasing domestic manufacturing and reducing imports.

State Government representatives were urged to finalise their export strategies at the earliest keeping in view their state specific requirements and advantages. State Governments were urged to adopt GeM, a one stop online procurement portal for better transparency and efficiency and take steps to strengthen the entrepreneurship and start up ecosystem.

Interventions by the State Governments:

Representatives of the State Government raised export infrastructure and other related issues including exportable surplus of Ginger (Mizoram), export restriction on mustard oil beyond 5 kg packs (Rajasthan). Representative from Assam Govt raised the need to fast track road agreements, laying down a standard operating procedures for Chittagaon, requirement of a 6th industrial corridor and the need for a separate India-Bangladesh FTA. Representative of Karnataka Govt raised the issue of non-reimbursement of GST on export of cut flowers and other perishable commodities. State of Uttarakhand raised the issue of revising land norms for clusters for hilly states.

Key Action Points arising out of the meeting are as below:

1. Customs to explore the possibility of installing X-Ray Scanners at all major ports to enable faster import/export clearances to reduce transaction costs and congestion. CBIC to assess the total no of container scanners required along with the budgetary

requirements and come out with a concrete plan in a defined time frame of 3 months. Possibilities regarding seed capital funding etc. to finance this initiative also to be explored and project status to be informed to the Department of Commerce.

[Action: Member [Customs], CBIC - 3 months]

2. A robust online mechanism to establish Track and Trace in the 'Pharma' sector to be implemented in three months by Pharmexcil/DoC. Care to be taken that the new system is user friendly and will take care of the concerns of the MSME sector.

[Action: JS, EP [Pharma], DoC - 3 months]

3. Time cycle for anti-dumping investigations needs to be considerably reduced so that domestic industry concerns are quickly addressed. DGTR to handhold MSMEs to file applications related to trade remedy measures. Industry Chambers like FIEO, CII, FICCI should extend support to tiny, small sector industries to file trade remedy petitions as they will not be able to provide the required data, documents etc. Industry chambers also to establish mechanisms and create a framework through which large scale imports which hurt industry can be suitably flagged on time to the Government for redressal through anti dumping, safeguard or other support measures. Directorate General of Trade Remedies to take a comprehensive review and submit a report within 45 days.

[Action: DGTR - 45 days]

4. On lines of the Textiles sector, steps need to be taken to extend and implement the new scheme, Rebate on State & Central Taxes & Levies (RoSCTL) for all sectors in a phased manner along with phased MEIS removal.

[Action: DGFT- 3 months]

5. DPIIT will work with Industry (including apex industry associations like CII, FICCI, ASSOCHAM, PHDCCI and FIEO) and examine the possibility of organizing a National Industry Investor Summit on lines of the Gujarat Summit. Preferable months to be November or February.

[Action: DPIIT- 45 days]

6. State Governments were requested to work on promotion and facilitation of product-specific clusters for 50 sectors with high manufacturing potential. A formal letter to Chief Ministers of all States/UTs may be sent for identifying and creating such clusters with GOI support. Such clusters will also be marketed by GOI in their promotion plans for attracting foreign direct investment.

[Action: AS (DPIIT), 3 months - review in 45 days]

7. Urgent steps to be taken to boost exports of 'Organic' produce. Further, the ways of rationalizing the Mandi/APMC fees across States would be examined by the DPIIT.

[Action: DPIIT, 3 months]

8. APEDA to create a portal which will host consolidated information of all FPOs from all over the country. This will help in establishing a linkage between FPOs and the exporters. Necessary dialogue to be initiated with Small Farmers Agri Business Consortium (SFAC) and other stakeholders.

[Action: APEDA, 3 months]

9. Ministry of Railways to leverage the railways' real estate and other assets for creating export infrastructure by exploring the possibility of setting up bonded warehouses at major transit points on vacant railway land to facilitate storage/movement of goods at affordable cost. In addition, 25 railway stations which are less utilized may be identified by Railways where warehousing can be started. Industry can also give suggestion regarding such stations. Ministry of Railways to identify 5 high volume export commodities where freight rate can be reduced.

[Action: M/o Railways & Logistics Division, DoC, 3 months]

10. Top 50 tariff lines, which constitute around 60% of India's import, to be examined in detail for possible ways to reduce import dependence. A specific action plan for each item to be drawn up in consultation with stakeholders and submitted.

[Action: Additional DGFT (AS), DoC - 15 days]

11. All FTAs would be studied to analyze the impact of such FTAs on Indian Industry and identify pain points. Action plan to be submitted to find the work around for promoting Indian exports within the agreed framework/agreements.

[Action: AS (TPD), DoC - 15 Days]

12. ECGC would fast track the disposal of claims and put in public domain a detailed list of the pending claims including current status, likely date of disposal etc. for better transparency. All claims which are rejected must have a reasoned basis which should be conveyed to the claimant. ECGC cover note which forms the basis of the Policy to be examined legally to ensure that the terms & conditions are 'fair' and in line with the international practices.

[Action: ECGC and AS (BBS), DoC – 7 days]

13. States Cell in the DoC to hold meetings with State Governments/State Export Commissioners on pre-announced fixed dates for discussion on issues related to export infrastructure and state specific export strategies. Such meetings should also include participation of GST authorities and exporters to the extent possible.

[Action: AS (States Cell), DoC - 15 days]

14. DPIIT/DoC to evolve a ranking framework to evaluate the State Governments for facilitation provided by them to industry for manufacturing, exports and logistics support.

[Action: AS (States Cell), DoC and DPIIT- 45 days]

15. A formal communication to be sent to all States for setting up of a nodal agency for Agriculture Export Policy and other aspects relating to agri exports. Communication to go from CIM to the CMs of various states.

[Action: JS EP(Agri), DoC- 15 days]

16. DPIIT will encourage States to leverage public procurement by implementing Make in India Public Procurement Order.

[Action: DPIIT-10 days]

17. EEPC suggestion to provide steel to MSME Engineering exporters at international prices, from the domestic steel suppliers, under the Advance Authorization scheme to be examined by DGFT.

[Action: DGFT - 7 days]

18. To examine the leverage available with Exim Bank for export lending in line with the international norms and suggest regulatory and other changes which need to be put in place for enhanced credit penetration and capacity.

[Action: Exim Bank - 7 days]

19. EPCs to broad base their membership base to include micro and small enterprises and create specific modules to impart export knowledge and skill development to MSMEs. All EPCs to have a reasonable membership fee structure and new MSME exporters should not be charged a fee which is more than Rs 1000/- per annum with equal privileges as available to other exporters.

[Action: Chairman of all EPCs/ JS (EPC), DoC - 7 days]

20. DoC to examine and work on the possibility of creating and promoting a single exclusive India brand in the Textiles sector, to begin with.

[Action: DoC, 45 days]

21. Increasing the availability of data loggers at the Customs ports for the temperature sensitive pharmaceutical exports to be examined.

[Action: CBIC, 45 days]

22. An inter-ministerial mechanism consisting of Commerce, Agriculture and Food Processing to be set up to identify domestic 'agricultural surplus' on a regular basis and

suggest ways of using such surplus in manufacture and export of agricultural value-added products.

[Action: Ministry of Agriculture, 30 days]

23. Hold interactions with the Textile sector to implement 'Fibre to Fabric' policy

[Action: DoC, 30 days]

24. The concept of deemed approval for establishments, which currently require annual renewal of licenses will be explored in consultation with States.

[Action: DPIIT, 30 days]

25. Department for Promotion of Industry and Internal Trade (DPIIT) to identify 50 sectors for focused consultation with industry and develop a specific action plan to develop these sectors.

[Action: DPIIT, 45 days]

26. DGFT to examine the issue of enhancing the 6 month EO period on Rubber under Advance Authorisation scheme.

[Action: DGFT – 15 days]

27. Examine why courier exports are limited to Rs 5 Lakhs whereas no limits have been imposed on the Postal exports.

[Action: DGFT - 15 days]

28. To examine the issues raised by AEPC and Pharmexcil regarding the caution listing of exporters, particularly MSMEs, by the RBI. In such cases, the AD banks are not updating data or are not able to distinguish between free samples / non commercial items in the EDPMS which leads to automatic caution listing of even genuine exporters.

[Action- DGFT – 45 Days]

29. To examine the issue related to Veterinary certificate/ NOC from animal quarantine and Customs at the time of export of wet and raw hides in the leather sector

[Action- DGFT – 45 Days]

30. To work out the strategies for boosting organic exports through implementation of standards allowed in organic agricultural exports, handholding required for such businesses and to assess the need of R&D in the sector.

[Action: JS (Organic products), DoC, 45 days]

31. To organize a regular annual exhibition event like the one held in Gandhinagar in 2018 where all EPCs exhibited their products under one roof. Export products can also be showcased in hired premises abroad with the objective of promoting Indian exports and Indian brand

[Action: JS (MDA,MAI), DoC, 45 days]

32. DPIIT to interact with Ministry of Skills Development & Entrepreneurship to work out strategies to impart soft skills including language skills to service professionals like nurses etc who have great demand in other countries, but not being tapped because of lack of language skills.

[Action: Secretary, DPIIT, 30 days]

33 Ministry of Railways to examine the issue of high rail freight costs for exporters in Durgapur-Asansol-Burdwan industrial hub, who want to use railways to send the products to the Kolkata Port.

[M/o Railways, 45 Days]

34. DPIIT to look into the issue of allowing any individual who is the creator of an innovation to file for application for IPR (Patents, Trademarks)

[DPIIT- 45 Days]

35. Customs to examine the issues raised by GJEPC including the issue wherein gems/jewellery, sent abroad for exhibition purposes and reimported to India, are levied with IGST.

[Action: Member [Customs], CBIC, 15 days]

36. To co-ordinate with the Ministry of Petroleum and Natural Gas to assess the possibility of extending long term, preferably 10 year agreements with the sugar units which can produce ethanol . This would help them secure loans /finances for the capital investment required for the industry.

[Action: DPIIT, 45 days]

37. Examine the possibility of supply to the private sector on GeM portal. Target for procurement through GeM portal is Rs. 2 lakh crore in current FY. Create a framework to penalise and blacklist companies who do not supply the order after winning the bid.

[Action: CEO, GeM /JS(DoC)- 7 Days]

38. To initiate an enquiry regarding reported violation of Trade marks, e.g fake Bisleri water bottles sold at Qutub Minar and to study the patent laws for bringing sanctity of such regulations

[Action: JS (Sri Rajiv Aggrawal, DPIIT), 30 days]

39. To take action for enabling provisions in the SEZ Rules, so that all single product SEZs may be made multi product SEZs in consultation with Revenue Department. The SEZ Division may also examine the possibility of revising the land norms for special category states, based on the request of Uttarakhand for setting up SEZ units.

[Action: AS(BBS), DoC, 45 days]

40. To examine the financial health of all EPCs by studying their balance sheets and to examine the feasibility of making EPCs financially independent

[Action: JS(R), DoC- 7 Days]

41. To re-conciliate data related to re-imports for diamond sector/ cut and polished diamonds/ Gems and Jewellery sector and correct past figures for correct comparison and to evolve a correct methodology

[Action: DGFT/DGCIS, 10 days]

42. To review the incentives for import of capital goods scheme and suggest measures for promoting Make in India in Capital Goods Sector

[Action: DGFT - 15 days]

43. To study all state invest Mitra portals and explore the feasibility of one having one single centralised portal

[Action: DPIIT- 15 Days]

44. To study and Reform APEDA and APMC acts and exhorting the states to rationalize the fees and engage with the respective State Government.

[Action: JS, DoC – 10 Days]

45 Concerns of Exporter relating to Revenue department to be forwarded Shri Raj Kumar Barthwal, Member CBIC, with suggestion on the specific solution.

[Action: DGFT, 7 Days]

46. The issues related to the motor vehicle movement between Assam and Bangladesh for exports need to be resolved in consultation with the Ministry of External Affairs to boost exports from NE, the issue has been raised by the State of Assam

[Action- AS (BSB),DoC - 15 Days]

47. To review the SAFTA agreement for trade with Bangladesh or to initiate a FTA with Bangladesh.

[Action- AS(BSB), DoC, 45 days]

48. To take up the matter related to counting of deductible income received by Pharmexcil from members for conducting exhibition abroad by the Income tax authorities in Telangana, with the Revenue Secretary.

[Action- Secretary, DPIIT, 45 days]

In the end, Commerce & Industry Minister thanked all the participants for their inputs. He requested the absentee State Governments to ensure participation in the next meeting which will take place in the next 45 days. Commerce and Industry Minister, in his closing remarks stated that separate sectoral meetings will also be convened from time to time including for tourism, textiles and Gems & Jewellery. He also informed all the participants that a separate meeting has been convened by him on 7th June in New Delhi with the Bankers including RBI, EXIM Bank, ECGC and some lead public sector and private sector banks and trade & industry to look at possible solutions for easier and enhanced export credit

The meeting ended with a Vote of Thanks to the chair.
