

Standing Committee Report Summary

Implementation of the Districts as Export Hubs Initiative

- The Standing Committee on Commerce (Chair: Mr. V.V. Reddy) presented its report on ‘Implementation of Districts as Export Hubs (DEHs) including One District One Product (ODOP) Initiatives’ on June 15, 2022. The Districts as Export Hub (DEH) and the One District One Product (ODOP) initiatives aim to link local producers in rural and remote districts with global supply chains, and bring them into the economic mainstream. The ODOP initiative has been operationally merged with the DEH. Key observations and recommendations of the Committee include:
 - **Implementation of the District Export Action Plan:** Under the DEH initiative, a District Export Promotion Committee (DEPC) is formed which is responsible for preparing a district export action plan. To effectively implement the plan, the Committee recommended forming an empowered Group of Secretaries of related Ministries/Departments such as agriculture, textile, food processing, and MSME. The Committee also noted that local government bodies should be involved in the implementation of the plan.
 - **Role of financial institutions:** The Committee noted the importance of improving financial literacy of farmers and manufacturers in identified DEHs. It observed two major concerns: (i) low-creditworthiness, which forces local manufacturers to borrow from the market at high interest cost, and (ii) a lack of adequate information on trade beneficial government schemes. It recommended creating a portal with financial institutions such as the National Bank for Agricultural and Rural Development and the Small Industries Development Bank of India to easily provide credit to traders and manufacturers.
 - **Role of e-commerce and digital platforms:** The Committee noted that e-commerce will allow tier-II and tier-III manufacturers to be a part of global marketing platforms. The Committee recommended adopting a digitally informed export policy to improve export competitiveness. It also recommended exploring partnerships with e-commerce companies such as Amazon and Flipkart as they can provide a global digital platform to DEH initiatives. It also recommended the central government to endorse and brand DEH listed products, and provide a validation certificate to their producers and manufacturers to improve their global reputation.
 - **Building capacity of the MSME sector:** The Committee noted the vulnerability of the MSME sector in terms of skills, financial know-how and, marketing strategies. It recommended converging MSME schemes such as the MSME Champions Scheme and the Niryat Bandhu Scheme, and harmonising them with DEH initiatives to promote the sector. To build capacity of local artisans and producers, the Committee recommended coordinating with the National Skill Development Corporation and National Institute of Design to design relevant programmes.
- **Providing trade intelligence to the MSME sector:** The Committee recommended: (i) timely execution of a national resource database system which would act as a central knowledge repository for export-related data on foreign markets, (ii) DEPCs to have a provision for gauging the level of market intelligence of local MSMEs, and issuing periodic advisories to improve their knowledge base, (iii) the DEPC to engage with institutions such as the Indian Institute of Foreign Trade to get trade intelligence inputs and share it with small manufacturers and exporters, and (iii) devising a mapping tool such as Aarogya Setu. The app can be used by MSMEs to avail benefits of government schemes by obtaining required certifications.
- **Using geo-spatial services:** The Committee recommended creating a common digital platform with a geo-map to act as a database on DEH and ODOP. It would allow data sharing and provide information on the availability and quality of products in the districts.
- **Import dependence of edible oil:** The Committee observed that retail prices of edible oil have sharply risen due to import dependence. It noted that under DEH only three districts have been identified for exporting edible oil. It recommended improving cultivation of oil palm, soybean, sunflower, and mustard crops to achieve self-sustainability in edible oil production. Noting the importance of the National Mission on Oilseeds and Oil Palm, the Committee recommended aligning it with ODOP to include districts in the north east. It recommended measures for incentivising farmers to ensure diversion of lands for cultivation of oilseeds.
- **Strengthening infrastructure:** The Committee observed a loss of Rs 2,234 crore till March 2021 due to delays in completion of dedicated freight corridors. It recommended regular monitoring of the Dedicated Freight Corridor Project. It also recommended exploring commercial utilisation of unused defence air strips for exporting perishable goods.

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