

Standing Committee Report Summary

Augmenting Infrastructure Facilities to Boost Exports

- The Standing Committee on Commerce (Chair: Mr. V. Vijayasai Reddy) submitted its report on the subject 'Augmenting Infrastructure Facilities to Boost Exports' on September 11, 2021. The Committee noted that India has a small share in global exports (2.15%). It also noted the contraction in Indian exports since 2019-20 (decline of 15.73% in 2020). Key observations and recommendations made by the Committee include:
 - **Logistics:** To enable Indian products to be competitive in the global markets, it recommended: (i) finalising a National Logistics Policy, (ii) standardising packaging guidelines for different categories of cargoes in consultation with the Indian Institute of Packaging, (iii) ensuring timely completion of inspection, testing and certification laboratories at Ahmedabad and Faridabad.
 - **Export Incentive Schemes:** The committee noted that exporters are facing problems in achieving the threshold value addition of 15% mandated under the Advance Authorisation Scheme and recommended relaxing this criterion. The scheme allows duty-free import of inputs, which are physically incorporated or used in making export products.
 - The Export Promotion Capital Goods scheme allows the import of capital goods for pre-production, production, and post-production at zero customs duty. The Committee noted that installation and commissioning of new machinery can take more than a year. Exporters face hardship due to the requirement of producing an installation certificate within six months from the date of completion of import. It also noted that exporters are facing difficulty in fulfilling their export obligation as the time period for fulfilling such obligation is counted from the day of issuing authorisation for import of capital goods. It recommended: (i) counting the beginning of the export obligation period from the date of commissioning of machinery, and (ii) relaxing the time period for submission of installation certificate.
 - **Special Economic Zones (SEZs):** The Committee noted that SEZs contribute 20% of India's total exports. It recommended operationalising all 426 SEZs at the earliest by providing plug and play facilities, along with quality power supply.
 - **Free Trade Agreements (FTAs):** The Committee noted that Indian exporters are at a disadvantage in the US and European markets due to the absence of FTAs with these countries. It recommended securing FTAs with our leading trade partners while balancing the interests of the domestic market.
- **Railways:** The Committee noted the low share of railways in freight (35%) due to uncompetitive freight rates by Railways, as compared to roads. Noting the 52% increase in rail freight rates since 2011-12, the Committee recommended: (i) providing a distance-based concession to exporters located far away from ports, and (ii) operationalising all sections of the Dedicated Freight Corridor by June 2022, and (iii) exploring monetisation of railway terminals, stations, land assets, multi-functional complexes, and stadiums to ease the burden of cross-subsidization.
- **Air Freight:** The Committee observed that no standard rate is available across airports for the processing and handling of cargo at air cargo terminals. To promote movement for freight by air, the Committee recommended: (i) fixing a standard benchmark for fixing processing and handling globally comparable charges across all airports, and (ii) conducting a study on the benefit of giving the role of regulatory oversight on air freight tariff to the Airports Economic Regulatory Authority.
- **Ports Bill:** The Committee recommended that the Ministry of Ports, Shipping and Waterways should ensure that the draft Indian Ports Bill, 2021 does not affect the autonomy of state governments over control of minor ports. The Bill proposes management and administration of all major ports by Board of Major Port Authority for each port. It also proposes the management and administration of non-major ports by State Maritime Boards in each state/ Union Territory. The report said that inputs of the states should be examined and incorporated in the draft Bill.
- **Roads:** The Committee observed that only 17% of the projects have been completed under the Bharatmala Pariyojana. Moreover, only 54% of the projects have been approved even after the implementation of the projects for nearly five years. It recommended real-time monitoring of projects along with prompt identification and resolution of issues that caused the delay. The Committee noted that 152 projects under the Ministry of Road Transport have been delayed.

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