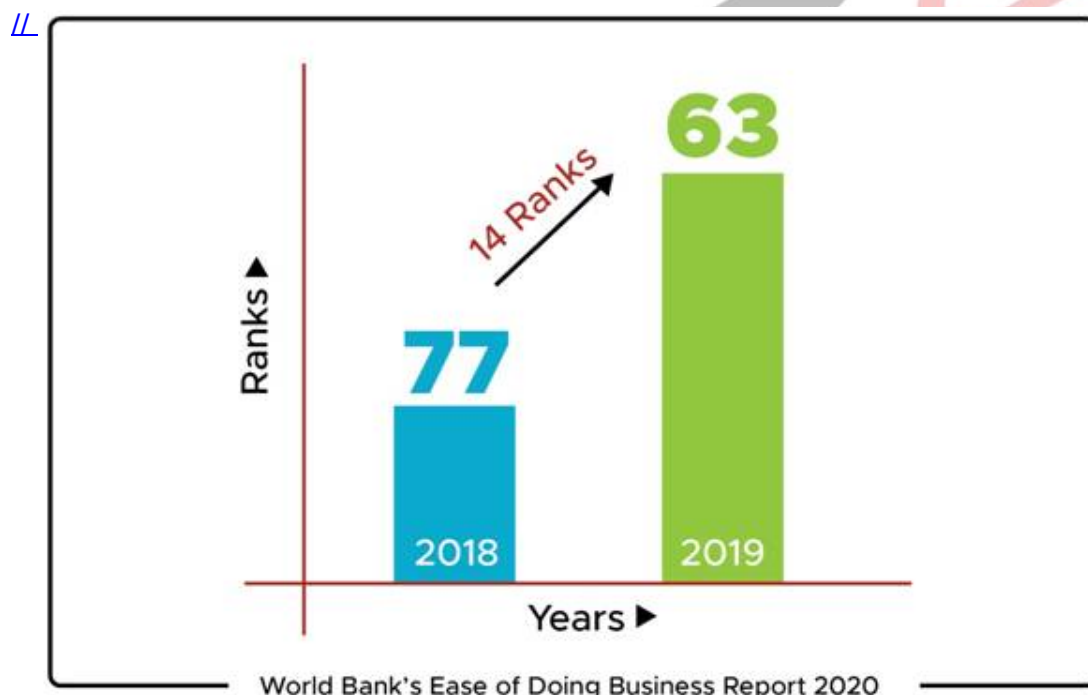




## Year End Review 2019: Ministry of Commerce & Industry

### World Bank's Ease of Doing Business Report 2020

- India has made a remarkable jump in the [World Bank's Ease of Doing Business Report 2020](#). It is ranked 63<sup>rd</sup> among 190 countries improving by 14 ranks from its rank of 77 in 2019.
- The 2020 edition of the Report acknowledges India as one of the top 10 improvers, third time in a row, with an improvement of 67 ranks in 3 years. It is also the highest jump by any large country since 2011.
- The World Bank will now include Kolkata and Bengaluru, besides Delhi and Mumbai, for preparing ease of doing business reports, in order to provide a holistic picture of the business environment of the country.



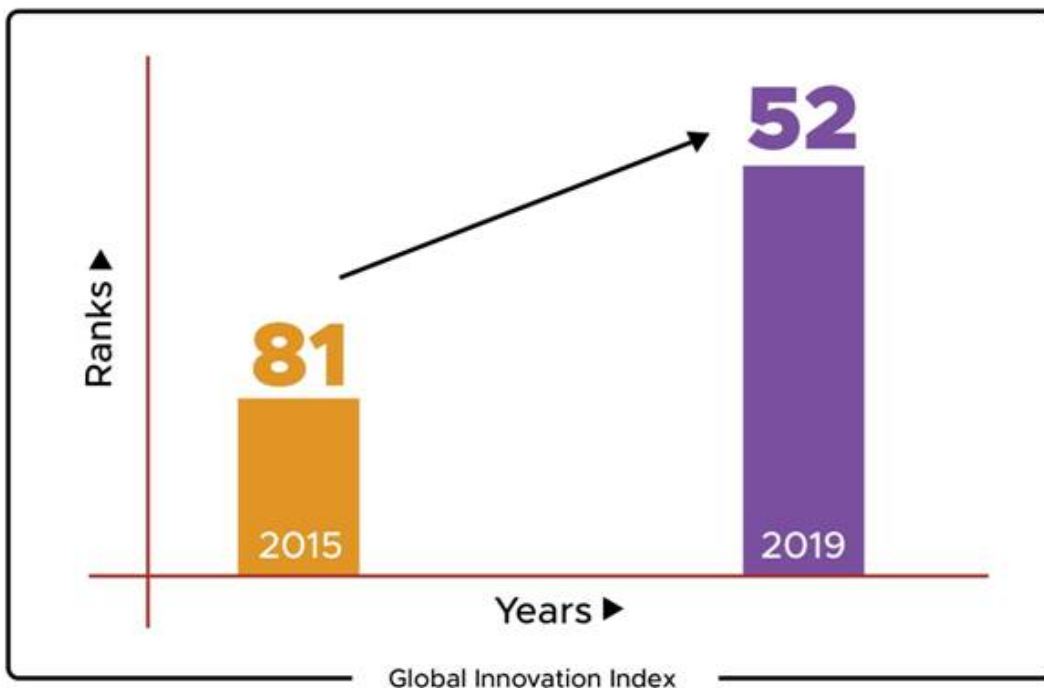
### Essential Features of India's Performance

- India's ranking improved basically on four parameters:
  - **Starting a Business-** India made starting a business easier by fully integrating multiple application forms into a general incorporation form,
  - **Dealing with Construction Permits-** For example, building a warehouse cost around 4% of the warehouse value as compared to 5.7% in the previous year,
  - **Trading across Borders-** with a single electronic platform- improved electronic submission methods for documents and upgrades to port infrastructure, import and export process became easier, and
  - **Resolving Insolvency-** Recovery rate under resolving insolvency has improved

significantly from 26.5% to 71.6%. Also, the time taken for resolving insolvency has also come down significantly from 4.3 years to 1.6 years.

## Global Innovation Index (GII)

- In the past 4 years India's rank in the GII has improved from the 81<sup>st</sup> rank in 2015 to the present 52<sup>nd</sup> rank in GII 2019 report.
- India became the first developing country to launch the [Global Innovation Index \(GII\)](#) in association with [World Intellectual Property Organisation \(WIPO\)](#) and **Confederation of India (CII)**.
  - India's rankings have been consistently increasing over the last few years and are among the top in the world in innovation drivers such as **Information and Communication Technology (ICT), services exports, graduates in science and engineering, the quality of universities, gross capital formation** (a measure of economy-wide investments) and **creative goods exports**.
  - India stands out in the **world's top science and technology clusters**, with **Bengaluru, Mumbai, and New Delhi** featuring among the top 100 global clusters.
  - India continues to be the **most innovative economy** in central and southern Asia (a distinction held since 2011).



## Global Performance

- Switzerland tops the GII index followed by Sweden, United States of America, Netherlands, United Kingdom, Finland, Denmark, Singapore, Germany and Israel.
- The theme of **GII- 2019 (12<sup>th</sup> edition)** is **“Creating Healthy Lives - The Future of Medical Innovation”** which aims to explore the role of medical innovation as it shapes the future of healthcare.

## Steps Taken for Export Promotion

In order to promote export the Department of Commerce has undertaken various measures:

- **‘NIRVIK’** scheme: Export Credit Guarantee Corporation (ECGC) has introduced a new Export Credit

Insurance Scheme (ECIS) called '[NIRVIK](#)' for exporters in which increased insurance cover for export credit has been extended by banks from existing average of 60% to 90% for both Principal and Interest.

## Export Credit Guarantee Corporation of India

- **Export Credit Guarantee Corporation Ltd (ECGC)** is wholly owned by the Ministry of Commerce and Industry.
- The Government of India had initially set up the Export Risks Insurance Corporation in 1957.
- After the introduction of insurance covers to banks during the period 1962-64, the name was changed to Export Credit & Guarantee Corporation Ltd in 1964.
  - It was changed to ECGC Ltd in August 2014.
- Its **objective** was to promote exports from the country by providing credit risk insurance and related services for exports.
  
- **Transport and Marketing Assistance (TMA) scheme:** An online portal for filing applications under '[Transport and Marketing Assistance \(TMA\)](#)' scheme for Specified Agriculture Products has been launched.
  - It is a scheme for **providing financial assistance** for transport and marketing of agriculture products to boost exports of such commodities to certain countries in Europe and North America.
  - To **mitigate disadvantage** of higher cost of transportation of export of specified agriculture products due to trans-shipment.
  - To **promote brand recognition** for Indian agricultural products in the specified overseas markets.
- **Origin Management System:** It gives a single access point for all exporters, for all Free Trade Agreements (FTAs), Preferential Trade Agreements (PTAs) and for all agencies. India has 15 FTAs/PTAs and 7 lakh 'Certificates of Origin' are issued annually.
  - The platform will be made live for FTAs as per the concurrence of the concerned partner countries. This process is electronic, paperless and transparent with real time tracking of FTA utilisation at product level and country level. It will also lead to reduced transaction cost and time.
- **Remission of Duties or Taxes on Export Product (RoDTEP):** [RoDTEP](#) is a new scheme to replace existing **Merchandise Exports from India (MEIS)** scheme.
  - Apart from boosting the export sector of our country, RoDTEP will coordinate with the World Trade Organization (WTO) to reduce the post-production transaction costs for exporters.
  - The implementation of the scheme thereby must provide a production-oriented process along with WTO, which in turn can boost the production of SMEs, MSMEs.
  - **Merchandise Export from India Scheme (MEIS)** was not WTO rules compliant. It was introduced in the [Foreign Trade Policy \(FTP\) 2015-20](#).
    - The objective was to offset infrastructural inefficiencies and associated costs involved in exporting goods/products which are produced /manufactured in India including products produced/manufactured by MSME Sector.
- **Logistics Sector:** National Logistics Policy, 2019 is being prepared with the aim to bring down the total logistics cost from 14% to 9% of the country's GDP.
  - The policy aims to boost business competitiveness, drive economic growth and make India a global logistics hub.
    - As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 % decrease in indirect logistics cost leading to the growth of 5 to 8% in exports.
  - **Multi-Modal Transportation of Goods Bill, 2019** aims at facilitating the movement of goods for exports, imports and domestic trade. It will help to fix accountability and liabilities for violation of its provisions.
    - Multimodal transportation includes a combination of more than one mode of movement, such as rail, road or sea, for end-to-end deliveries of goods.

- **Skilling for Logistics Sector:** 34 Qualification Packs (QPs) for skill development of manpower engaged in Logistics Sector have been developed and finalised in collaboration with Logistics Skill Council. This is the first time that such qualification packs have been developed.
  - **Qualification Packs (QPs):** These are occupational standards that describe what individuals need to do, know and understand in order to carry out a particular job role or function.
  - They are performance standards that individuals must achieve when carrying out functions in the workplace, together with specifications of the underpinning knowledge and understanding
- **Agriculture Export Policy:** The Agriculture Export Policy has been approved to establish linkage between Farmers Producer Organisation (FPO) and the exporters, a portal has been created by Agricultural & Processed Food Products Export Development Authority (APEDA).

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

- APEDA is a non-trading, **statutory body** established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985.
- APEDA has marked its presence in almost all agro potential states of India and has been providing services to the agri-export community through its head office in New Delhi, five Regional offices and 13 Virtual offices.
- In 2017, APEDA launched a mobile app- “Farmer Connect” to allow farmers to apply online to facilitate their farm registration, tracking the status of application & approvals by State Government and Lab sampling by authorized Laboratories.
- **Steel Import Monitoring System (SIMS):** The **SIMS** will facilitate the Steel Industry by providing advance information about steel imports to all stakeholders including Government, steel industry and steel importers for effective policy interventions.
  - Importers of specified steel products will register in advance on the web portal of SIMS providing necessary information. The registration will be online and automatic and no human intervention is required.
  - This was launched in the background of **India becoming a favourite dumping ground** for steelmakers from not just China but also from Japan and South Korea, which threatened the domestic steel industry of the country.
- **Trade Facilitation Measures:**
  - **India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA):** It will enable trade promotion between the two countries.
  - **Border Haats:** Besides the four operational Border Haats across India-Bangladesh border in Tripura and Meghalaya, construction of three Border Haats in Meghalaya, out of six already identified locations (two in Tripura and four in Meghalaya) has been completed. It will Improve trade with Bangladesh.-
- **Merger of Council of Trade and Development and Board of Trade:**
  - This common platform, consisting of representatives from industry, export promotion councils, Government of India and State Governments and representatives from Banking and Finance Sector is playing a critical role in addressing export related concerns, with a focus on addressing these on a priority basis.
    - The new board would provide a platform to states and union territories for articulating their perspectives on trade policy and help states to develop and pursue export strategies in line with the national foreign trade policy.
    - Besides, the forum would advise the government on policy measures for preparation and implementation of short and long term plans.
- **Special Economic Zone (Amendment) Bill, 2019:** This will enable any entity to set up a unit in the Special Economic Zone (SEZs), including Trusts. This will help boost investments and create new export and job opportunities.
  - **Better facilities for employees:** SEZ units allowed to create facilities/amenities like crèche, gymnasium, cafeteria for their exclusive use as a measure towards ease of doing business.

▪ **Promoting Foreign Direct Investment:**

- 100% FDI has been allowed under the automatic route for coal mining activities including associated processing infrastructure.
- 100% FDI under automatic route has also been allowed in contract manufacturing. Providing more flexibility and ease of operations to **Single Brand Retail Trading (SBRT)** entities.
  - All procurements made from India shall be counted towards local sourcing, whether goods are sold in India or exported. Online retail trading permitted up to two years prior to opening brick and mortar stores.

▪ **National Institute of Design (Amendment) Act, 2019:** It conferred **Institute of National Importance status** to the four new National Institute of Design (NIDs). The four new NIDs at Andhra Pradesh, Madhya Pradesh, Assam and Haryana to be declared as Institutions of National Importance on the lines of NID, Ahmedabad.

▪ **National Traders' Welfare Board:** It is an institutional mechanism that will identify measures for the welfare of traders and their employees, improve their access to funds and recommend **social security benefits** for them including insurance and pension.

- The National Traders' Welfare Board, constituted by the Department for Promotion of Industry and Internal Trade, will be headed by a non-official chairperson and its 15 members will be nominated by the Centre.

▪ **India's stand on mega-regional economic agreement:**

- In order to ensure interests of the Indian industry and farmers in Free Trade Agreements (FTAs), India successfully laid out its stand in **Regional Comprehensive Economic Partnership (RCEP)** India's key concerns were not addressed.
  - India took a strong stance to protect the interest of domestic producers. This decision will help vulnerable sectors including farmers and the dairy sector as well as small manufacturers, who would have been threatened by RCEP rules.
- India has also secured agreement for review of **ASEAN FTA (ASEAN-India Free Trade Area-AIFTA)** after repeated follow up. This will help in removing rules that affect Indian producers and exporters and will also promote Indian exports and Make in India.