



**DEPARTMENT RELATED PARLIAMENTARY STANDING
COMMITTEE ON COMMERCE**

PRESS RELEASE

The Department Related Parliamentary Standing Committee on Commerce headed by Dr. Abhishek Manu Singhvi, M.P., Rajya Sabha presented the 180th Report on Demands for Grants (2023-24) of the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry to both Houses of the Parliament on 24th March, 2023. The Report was finalised after deliberation with representatives of Confederation of Indian Industry (CII), PHD-Chamber of Commerce and Industry (PHD-CCI) and Federation of Indian Exports Organisations (FIEO) and also with officials of the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry during the meeting held on 16th February, 2022. The panel, during its meeting, discussed in detail the utilisation plans of the Department as well as adequacy of allocation under major schemes and programmes in view of the targets set forth by the Department for the ensuing financial year. The panel also deliberated upon the status of various infrastructure projects, bottlenecks in ease of doing business, promotion of R&D and Industry-Academia collaboration and the overall Startup and Intellectual Property Rights ecosystem.

The Report, before it delves into an in-depth analysis of budgetary allocation of the Department, provides a brief overview of the status of industrial development, doing business environment, R&D and status of IPR regime in the country. It then provides an outline of the budgetary allocation of Department for Promotion of Industry and Internal Trade for Financial Year 2023-24, trend in actual expenditure during the last 5 years and demands made by the Department under major schemes *vis-à-vis* actual allocation in BE 2023-24. The Report lays emphasis on issues concerning the Intellectual Property Rights (IPR) ecosystem and ease of doing business in India. It recommends the development of a Single Window Portal for voluntary exit of firms and expediting the setting up of Centre for Processing Accelerated Corporate Exit (C-PACE), decriminalisation of minor offences, providing safe harbours to independent Directors and introducing cost of doing business index. As regards to the Intellectual Property Rights (IPR) ecosystem, reducing the time taken in patent examination, giving due recognition to Intellectual Property (IP) as intangible assets and addressing high pendency in patent applications are some of the important recommendations. The Report also

highlights the slow progress in implementation of projects under the Industrial Infrastructure Upgradation Scheme (IIUS) as well as the Exhibition-cum-Convention Centre (ECC), Dwarka and recommends the Department to expedite the implementation of these crucial infrastructural projects. The budgetary allocations for various schemes and policies under Industrial Development of Backward Areas and Make in India are also analysed in detail and recommendations made for maintaining financial prudence in utilisation of the budgetary allocations and also ensuring effective implementation of the schemes. The Committee considered and adopted the draft Report in its meeting held on 23rd March, 2023. The Recommendations/ Observations made by the Committee in this Report are enclosed.

The entire Report is also available on <https://rajyasabha.nic.in/> → Committees → DPRSC-RS → Commerce → Report

RECOMMENDATIONS/OBSERVATIONS - AT A GLANCE

INDUSTRIAL PRODUCTION

1. The Committee observes that Index of Industrial Production (IIP) has witnessed a decline during 2022-23 after witnessing a strong recovery in 2021-22. The Committee also notes that the Index of Industrial Production (IIP) published by National Sample Survey Office (NSSO) for the period between April to November, 2022 shows a decline which indicates that industrial sector is struggling in spite of the measures taken by the Government. The Committee feels that it is essential to take targeted action to address this situation and support the industrial sector. The Committee, therefore, recommends the Department to look into the reasons for the decline in IIP during the afore-mentioned period and to streamline the efforts taken by the Department to address the issues faced by industrial sector so as to avoid further decline in the index and facilitate vibrant growth of the industrial sector. (Para 3.5)

PRODUCTION LINKED INCENTIVE SCHEME (PLI) SCHEME

2. The Committee is pleased to note that the PLI Scheme has taken off well and has been widely accepted by the targeted key industrial sector. The Committee feels that the expansion of the Scheme to cover other sectors could amplify its impact and encourage domestic manufacturing of key industrial components. The Committee, therefore, recommends the Department to consider the feasibility and benefits of extending the Scheme to sunrise sectors such as aerospace, Maintenance, Repair and Overhaul (MRO), etc. which have a huge potential to boost manufacturing and exports. Further, strategic sectors such as clean energy; sectors with large imports but having domestic capabilities like capital goods and construction equipment; and also service sector, labour intensive sectors such as apparel and furniture may be covered in the ambit of PLI. (Para 4.2)

INDUSTRIAL POLICY

3. The Committee notes that the Department is in the process of drafting a new Industrial Policy and it feels that such policy framework is essential to support industries and help them compete in a rapidly changing world. The Committee, therefore, recommends the Department to finalise and notify the policy at the earliest. (Para 5.2)

4. The Committee also recommends the Department to include measures to promote research and development, encourage the adoption of new technologies, and support the growth of small and medium-sized enterprises in the Industrial Policy. The new Industrial Policy should also prioritise

environmental sustainability. By supporting green technologies and practices, the urgent challenge of climate change can be addressed and also a more sustainable future for our country can be promoted. (Para 5.3)

5. The Committee further recommends that the policy should provide a framework for accelerated industrialisation of the country to contribute to the Vision India @2047 by generating jobs and prosperity in an inclusive and balanced manner, and a roadmap for achieving it. It should also identify the sectors in which we have the advantage of labour, skills and natural resources; dynamic and high-value adding sectors with potential to drive economic growth; and those sectors that determine competitiveness or help enhance sustainability. (Para 5.4)

EASE OF DOING BUSINESS

6. The Committee notes that the Government has taken proactive measures to reduce the burden of Doing Business and facilitate a vibrant business environment. The Committee is hopeful that such activities spur the growth of both domestic and foreign investment in the country. The Committee, therefore, recommends the Department to take efforts to further streamline the regulatory procedures and also ensure that the reform measures are not only on paper, but are strictly implemented by the concerned Departments. (Para 6.8)

7. The Committee takes note of the fact that Doing Business reform is an ongoing process and, therefore, recommends the Department to consider the adoption of self/third party certification with safeguards in the form of random audits and penalties. The Committee further recommends the Department to set up a Joint Government-Industry Taskforce to identify specific compliances where such certification process could be implemented. (Para 6.9)

8. The Committee notes that ease of doing business entails not only ease of entry and of doing business but also ease of exit. The Committee feels that putting in place system for transparent and expeditious processing of voluntary exit is essential to make our country a favourable destination for investment. The Committee, therefore, recommends the Government to expedite the setting up of Centre for Processing Accelerated Corporate Exit (C-PACE) and also develop a Single Window Portal system for voluntary exit of firms. (Para 6.10)

9. The Committee takes note of the crucial measure of decriminalising minor offences through the introduction of the Jan Vishwas (Amendment of Provisions) Bill, 2022. The Committee feels that the enactment and implementation of such Bill will have a far reaching positive impact on the

business environment by boosting the confidence of potential investors and also in expediting adjudication of minor offences. The Committee, therefore, recommends the Department to take steps to ensure that the provisions of the Bill are implemented without delay after its enactment. (Para 6.11)

10. The Committee takes note of the hardship faced by independent Directors. The Committee opines that resolution of such hardships is in consonance with the Department's focus on decriminalisation of minor offences. It further opines that establishment of safe harbours provisions for independent Directors is the way forward which will go a long way towards addressing concerns of talented individuals wishing to join company boards as independent Directors. The Committee, therefore, recommends the Department to look into the hardships faced by independent Directors and ensure that their concerns are accordingly addressed in the Bill. (Para 6.12)

11. The Committee feels that the Department's initiative to measure the Cost of Regulation (CoR) and developing a framework for Regulatory Impact Assessment (RIA) will go a long way in bringing down the cost of doing business. The Committee, therefore, recommends the Department to expedite the process for implementation of such initiative. The Committee further recommends the Department to introduce a Cost of Doing Business Index for States, on the lines of Ease of Doing Business Index, capturing factor costs, capital costs, compliance costs and societal costs for overall manufacturing as well as for key specific sectors. (Para 6.13)

EXHIBITION-CUM-CONVENTION CENTRE, DWARKA

12. The Committee observes that there has been undue delay in the construction of Phase-I of Exhibition-cum-Convention Centre, Dwarka. The Committee notes that delay in Phase-I of the project further has an adverse implication in development of Phase-II of the project. The Committee, therefore, recommends the Department to earnestly enquire into the issues that caused delay in the project and take proactive measures to mitigate such issues in future. The Committee further recommends the Department to ensure that Phase-I of the project is completed without further delay. A status note on the matter should be furnished to the Committee in the action taken reply. (Para 7.5)

INDUSTRIAL DEVELOPMENT OF BACKWARD AND REMOTE AREAS

13. The Committee notes that various Schemes introduced under the Industrial Development of Backward and Remote Area are effective for a period of five years. Further, it also notes that most of the Schemes have ended on 31st March, 2022 with the implication that new industrial units are not eligible for registration after the afore-mentioned date. The Committee