



**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 179<sup>th</sup> Report on Demands for Grants (2023-24) of the Department of Commerce, Ministry of Commerce and Industry to both Houses of the Parliament on 24<sup>th</sup> March, 2023. During the course of examination, the panel held meetings with the representatives of Confederation of Indian Industry (CII), PHD-Chamber of Commerce and Industry (PHD-CCI) and Federation of Indian Exports Organisations (FIEO) on 16<sup>th</sup> February 2023 and also with representatives of Department of Commerce, Ministry of Commerce and Industry on 17<sup>th</sup> February 2023. In the Report, the Committee discussed and examined the Demands for Grants of the Department of Commerce, Ministry of Commerce and Industry proposed for the financial year of 2023-24. During the course of the evaluation, the Committee scrutinised the budget spent in previous years, the details of expenditure incurred and the allocation sought for the upcoming Financial Year. The Report further examined the adequacy of the budgetary allocations under the various heads and their effective and timely utilization by the Department. The Panel also discussed about the several global as well as the domestic factors that affects export performance the country. The Report encompasses various initiatives, schemes and programmes being implemented by the Government having consequential effect upon the International Trade of the country.

The 179<sup>th</sup> report of the Committee has dealt with the recovery of Global Trade from the COVID-19 induced disruptions; repercussions of Russia-Ukraine Conflict upon the country's trade; upcoming Foreign Trade Policy and the ongoing Free Trade Agreements negotiations; G-20 presidency of the Nation and its significance from trade point of view; focus on women exporters; optimal functioning of Commodity Boards of Agricultural and Processed Food Products Export Development Authority (APEDA), Marine Product Export Development Authority (MPEDA), Tea Board, Coffee Board, Rubber Board and Spices Board; earmarking of funds to promote trade and exports from North Eastern Region (NER); and Restructuring of Department of Commerce (DoC).

The Committee considered and adopted the draft Report in its meeting held on 20<sup>th</sup> March, 2023.

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

## **RECOMMENDATIONS/OBSERVATIONS -AT A GLANCE**

### **BUDGET PROPOSALS**

1. The Committee notes that against the projected requirement of Rs. 5990.68 crore submitted to the Ministry of Finance, an amount of Rs. 5254.58 crore has been allocated to the Department in BE 2023-24. A shortfall of Rs. 736.1 crore in the total allocation is due to the lowering of budgetary support for the crucial heads of Indian Institute of Foreign Trade (IIFT), Duty Drawback Scheme, Marine Products Export Development Authority (MPEDA), Market Access Scheme (MAI), and Interest Equalisation Scheme. The Committee is of the view that the shortfall in budget allocation as against the proposed outlay will act as a hindrance in achieving the desired goals of the Schemes. Therefore, the Committee feels that the allocation of projected amount would have supported the associated sectors of the Schemes. The Committee hopes that the Department follows up the matter of curtailment of funds with the Ministry of Finance and seek enhanced allocation at RE stage, as affirmed to the Committee. The Committee further recommends that proactive measures may be taken by the Department in order to devise a robust monitoring mechanism and identify inconsistencies in implementation of various Schemes/Programmes of the Ministry and ensure timely utilisation of the allocated funds, during the upcoming Financial Year 2023-24.

(Para 3.6)

### **TRADE DEFICIT**

#### **TRADE *VIS-À-VIS* GDP**

2. The Committee observes, as per the Economic Survey 2022-23, the trade performance has declined from the second quarter of FY-2022-23, and one of the major reasons for the same is downfall of merchandise exports. The Committee has been apprised by the Department that the global economy has started facing formidable headwinds and the ripple effect of the global trade slowdown has started reflecting in India's merchandise export growth, wherein moderation in pace is observed in the current year. Economic Survey 2022-23 also depicts that several adverse factors such as increasing likelihood of a recession in the major economies, tapering demand for consumer durables, aggressive monetary policy tightening by several central banks, disorderly financial conditions, continued supply-chain disruptions and elevated freight charges have contributed to the degradation of trade balance during the second half of 2022. The Committee, therefore, recommends that the Department should be proactively monitoring international trade

trends and global economic environment and take appropriate steps to counter the ill effects of present volatility in the global markets. (Para 6.5)

3. The Committee recommends the Department to scrutinise the reasons for the slump in exports from crucial sectors of Engineering goods, Iron Ore, Spices, Plastic and Linoleum & Cashew in 2022-23. Despite presence of dedicated export promotion council such as EEPC India for promotion of export of Engineering goods, PEPC for promotion of export of Plastics & Linoleum products and monitoring bodies such as Agricultural and Processed Food Products Export Development Authority (APEDA) for promotion of export of Cashew Nuts and its products, Spices Board for export promotion of spices, etc., negative growth has been registered in the above mentioned commodities for the current financial year. The Committee, therefore, recommends that the Department should identify the infirmities and prepare a specific plan to inhibit the downtrend in exports of the highlighted Commodities. (Para 6.7)

## **SERVICES TRADE**

4. The Committee notes that the surplus accrued from service trade contributed in reducing the Current Account Deficit of the country. It is of utmost importance that service exports must be reinforced with necessary support measures. The Committee observes that no replacement Scheme has been introduced for the service exporters as a substitute to the discontinued SEIS Scheme. The Committee, therefore, recommends replacement of the erstwhile SEIS Scheme or a revamped SEIS Scheme must be launched at the earliest which will not only promote exports of service industry but also assist Services Export Promotion Council (SEPC) in raising its own resources. The Committee also recommends that the Department may be proactive in signing FTA's and Bilateral agreements considering the trade and tariff barriers against the service exports of the country. The Committee notes that the country-wise export data of services is not shared by RBI, therefore, it is recommended that channel for exchange of information must be established between the Department of Commerce and Reserve Bank of India, in order to facilitate the Department in taking corrective measures and formulate Schemes supported with factual data and the data may also be placed in the public domain. (Para 7.3)

## **CHINA PLUS ONE STRATEGY**

5. The Committee is of the view that the 'China Plus One Strategy' presents in itself as a rare opportunity to boost industrialization and the Country to emerge as a part of Global Value Chains (GVCs) replacing China

**in various strategic industrial sectors. The South East Asian nations such as Vietnam, Thailand, Taiwan and Malaysia have emerged as viable alternatives to machinery, automobiles, transport and electrical equipment industries shifting their manufacturing bases away from China. Factors such as cheap labour, lower corporate Income Tax, proactiveness in signing Free Trade Agreements (FTAs), conducive business environment, etc, are providing additional advantage to these countries alongwith their Geographical positioning advantage. The Committee, therefore, recommends that measures such as rationalization of direct taxes and indirect taxes must be done in sync with the international norms and laws such as WTO to increase the competitiveness of Domestic Industries in the Global markets. It further recommends that the Government to pursue Free or Preferential Trade Agreements with countries that seek to invest in India under the 'China Plus One Strategy'.** (Para 8.2)

## **INDIA'S G20 PRESIDENCY AND ITS IMPLICATIONS UPON THE NATION'S TRADE**

**6. The Committee hopes that India's presidency in G20, further opens up global trade regime and rolls backs damaging trade restrictions and reduces uncertainty in the global markets. The Committee also recommends that the gains arising out of India's G20 presidency may be complemented with multilateral agreements with trade reforms.** (Para 9.3)

## **INTERNATIONAL TRADE SETTLEMENT IN INDIAN RUPEE**

**7. The Committee appreciates the steps taken by the Department and acknowledges the various benefits of trade settlement in India Rupee in global markets such as relieving of pressure on India's dollar reserves, positive impact of Rupee valuation and in turn easing of inflationary pressure owing to weakening of currency. The Committee further recommends for the formulation of an Empowered group of Secretaries for speedy identification of countries that are interested in settlement of import and export in Indian Currency.** (Para 10.3)

## **IMPACT OF RUSSIA-UKRAINE CONFLICT**

**8. The Committee notes the ramifications of the Russia-Ukraine crisis and observes the spike in import of petroleum products from Russia. The Committee opines that constant monitoring of international markets and review of trade strategies are needed in this period of volatility.** (Para 11.3)