

## Ministry of Commerce and Industry

# Standing Committee Report on Augmenting Infrastructure Facilities to Boost Exports

## Relevant to All Mahindra Businesses

11 September 2021

### Introduction

The Parliamentary Standing Committee on Commerce headed by its Chairman Mr. V. Vijayasai Reddy) submitted its 164<sup>th</sup> Report on the subject '*Augmenting Infrastructure Facilities to Boost Exports*' on September 11, 2021 in the Rajya Sabha. The Committee examined the challenges faced by exporters along with other issues that adversely impacted competitiveness of our export products in global market. The Committee also examined export oriented schemes and measures to identify gaps and recommended remedial measures.

### Context

India has a small share in global exports (2.15%) and there has been contraction in Indian exports since 2019-20 (decline of 15.73% in 2020). In view of the crucial role played by exports in our economy and the significance of quality infrastructure in enhancing exports, the Department Related Standing Committee on Commerce selected this subject for detailed examination and Report.

### Salient Features

Key observations and recommendations 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.
- **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.

## Conclusion

The Committee has made various important recommendations regarding wide range challenges affecting exports potential of our country. The acceptance of these recommendations by the



government may pave the way for a robust regulatory mechanism and other support infrastructure for exports as well as efficacy of various export incentive schemes to boost exports in the country.